



ANNUAL STATEMENT

For the Year Ended December 31, 2018
of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

NAIC Group Code.....	0065, 0065 (Current Period) (Prior Period)	NAIC Company Code.....	21482	Employer's ID Number.....	05-0316605
Organized under the Laws of RI		State of Domicile or Port of Entry	RI	Country of Domicile	US
Incorporated/Organized.....	October 31, 1835	Commenced Business.....	October 31, 1835		
Statutory Home Office	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>				
Main Administrative Office	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			401-275-3000 <i>(Area Code) (Telephone Number)</i>	
Mail Address	P.O. Box 7500 .. Johnston .. RI .. US .. 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>				
Primary Location of Books and Records	270 Central Avenue .. Johnston .. RI .. US .. 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>			401-275-3000 <i>(Area Code) (Telephone Number)</i>	
Internet Web Site Address	www.fmglobal.com				
Statutory Statement Contact	Jeffrey Black <i>(Name)</i>			401-415-1559 <i>(Area Code) (Telephone Number)</i> <i>(Extension)</i>	
	jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>			401-946-8306 <i>(Fax Number)</i>	

OFFICERS

Name	Title	Name	Title
1. Thomas Alan Lawson #	Chairman & Chief Executive Officer	2. Jonathan Irving Mishara	Senior Vice President & Secretary
3. Theresa Ann Molloy	Vice President & Controller	4. Denise Anastasia Hebert #	Vice President & Treasurer

OTHER

Bret Nils Ahnell	Executive Vice President	Kevin Scott Ingram #	Executive Vice President
Malcolm Craig Roberts #	Executive Vice President	Christopher Johnson	Executive Vice President
Sanjay Chawla #	Senior Vice President	Jonathan Irving Mishara	Senior Vice President
Enzo Rebula	Senior Vice President	Michael Robert Turner	Executive Vice President
Deanna Ruth Fidler #	Senior Vice President		

DIRECTORS OR TRUSTEES

Frank Thomas Connor	Colin Richard Day	Daniel Lee Knotts	Thomas Alan Lawson
John Anderson Luke Jr	Gracia Catherine Martore	Christine Mary McCarthy	Stuart Blain Parker
Israel Ruiz	Michel Giannuzzi	Glenn Rodney Landau	David Thomas Walton #

State of..... Rhode Island
County of..... Providence

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

_____ (Signature) Thomas Alan Lawson #	_____ (Signature) Jonathan Irving Mishara	_____ (Signature) Theresa Ann Molloy
_____ 1. (Printed Name) Chairman & Chief Executive Officer	_____ 2. (Printed Name) Senior Vice President & Secretary	_____ 3. (Printed Name) Vice President & Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 25th day of February 2019
John A. Soares III Notary Public
Expires July 5, 2021

a. Is this an original filing? Yes [X] No []
b. If no 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	4,873,958,080		4,873,958,080	4,522,442,521
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	8,871,941,461		8,871,941,461	10,220,077,668
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....506,841,263, Schedule E-Part 1), cash equivalents (\$.....611,664,662, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	1,118,505,925		1,118,505,925	1,030,053,090
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....	1,935,851,394		1,935,851,394	1,903,317,568
9. Receivables for securities.....	1,181,574		1,181,574	1,705,619
10. Securities lending reinvested collateral assets (Schedule DL).....	44,850,175		44,850,175	44,119,498
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	16,846,288,609	.0	16,846,288,609	17,721,715,964
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	55,064,905		55,064,905	54,078,664
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	705,008,923	57,113,243	647,895,680	527,414,381
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	183,019,335		183,019,335	164,316,329
16.2 Funds held by or deposited with reinsured companies.....	35,639,794		35,639,794	13,653,457
16.3 Other amounts receivable under reinsurance contracts.....			.0	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	241,118,948		241,118,948	488,828,432
18.2 Net deferred tax asset.....			.0	
19. Guaranty funds receivable or on deposit.....	167,220		167,220	161,009
20. Electronic data processing equipment and software.....	40,421,990	37,268,400	3,153,590	4,636,604
21. Furniture and equipment, including health care delivery assets (\$.....0).....	59,823,893	59,823,893	.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....	231,895,306	27,643,152	204,252,154	.0
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other-than-invested assets.....	456,553,103	209,130,888	247,422,215	180,660,055
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	18,855,002,026	390,979,576	18,464,022,450	19,155,464,895
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	18,855,002,026	390,979,576	18,464,022,450	19,155,464,895

DETAILS OF WRITE-INS

1101.....			.0	
1102.....			.0	
1103.....			.0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501. Pension asset.....	159,501,000	159,501,000	.0	
2502. CSV life insurance.....	109,287,480		109,287,480	102,501,036
2503. Cash clearing accounts.....	127,662,474		127,662,474	69,008,836
2598. Summary of remaining write-ins for Line 25 from overflow page.....	60,102,149	49,629,888	10,472,261	9,150,183
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	456,553,103	209,130,888	247,422,215	180,660,055

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	3,690,194,572	3,326,000,928
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	236,321,920	29,520,143
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	206,218,372	210,946,724
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	477,105,244	514,970,773
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	19,512,893	17,125,138
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....	231,246,867	562,454,668
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....547,080,000 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	1,419,350,044	1,260,073,503
10. Advance premium.....	692,701	6,574,803
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	302,608,389	225,695,866
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20).....	5,727,485	7,852,457
14. Amounts withheld or retained by company for account of others.....	10,517,459	9,261,763
15. Remittances and items not allocated.....	53,250,531	6,599,890
16. Provision for reinsurance (including \$.....945,000 certified) (Schedule F, Part 3, Column 78).....	138,188,600	141,920,647
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	260,858,391	138,613,653
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		63,531,926
20. Derivatives.....		
21. Payable for securities.....	10,945,544	12,340,459
22. Payable for securities lending.....	44,850,175	44,119,498
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	115,166,740	76,085,052
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	7,222,755,927	6,653,687,891
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	7,222,755,927	6,653,687,891
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....		
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	1,250,000	1,250,000
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	11,240,016,523	12,500,527,004
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	11,241,266,523	12,501,777,004
38. TOTAL (Page 2, Line 28, Col. 3).....	18,464,022,450	19,155,464,895

DETAILS OF WRITE-INS

2501. Miscellaneous accounts payable.....	90,369,142	79,179,052
2502. SSAP 92 defined benefit plan contra liability.....	(2,008,716)	(3,094,000)
2503. Deferred ceding commissions.....	26,806,314	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	115,166,740	76,085,052
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201. Guaranty funds.....	1,250,000	1,250,000
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	1,250,000	1,250,000

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	2,952,882,207	3,026,293,802
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	3,163,862,292	3,167,990,980
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	123,053,610	134,852,014
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	896,119,142	880,921,355
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,183,035,044	4,183,764,349
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(1,230,152,837)	(1,157,470,547)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	288,891,584	260,452,588
10. Net realized capital gains (losses) less capital gains tax of \$....160,715,000 (Exhibit of Capital Gains (Losses)).....	604,595,070	173,303,902
11. Net investment gain (loss) (Lines 9 + 10).....	893,486,654	433,756,490
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$....331,923).....	(331,923)	(338,093)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(5,502,720)	(4,317,358)
15. Total other income (Lines 12 through 14).....	(5,834,643)	(4,655,451)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(342,500,826)	(728,369,508)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(342,500,826)	(728,369,508)
19. Federal and foreign income taxes incurred.....	(165,705,412)	(394,965,583)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(176,795,414)	(333,403,925)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	12,501,777,004	11,519,355,567
22. Net income (from Line 20).....	(176,795,414)	(333,403,925)
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(262,610,000).....	(1,137,963,340)	1,573,545,106
25. Change in net unrealized foreign exchange capital gain (loss).....	(40,458,312)	37,643,717
26. Change in net deferred income tax.....	68,597,801	(253,214,925)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(22,765,284)	(74,892,322)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	3,732,047	(42,003,380)
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from Protected Cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	45,142,021	74,747,166
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(1,260,510,481)	982,421,437
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	11,241,266,523	12,501,777,004
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous income.....	37,073	621,474
1402. Balances (charged off) recovered.....	(40,412)	49,256
1403. Loss on foreign exchange.....	(5,499,381)	(4,988,088)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(5,502,720)	(4,317,358)
3701. SSAP 102 and SSAP 92 amortization / actuarial gains.....	45,142,021	74,747,166
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	45,142,021	74,747,166

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,057,423,700	2,845,811,746
2. Net investment income.....	405,028,790	266,343,229
3. Miscellaneous income.....	(5,834,643)	(4,655,451)
4. Total (Lines 1 through 3).....	3,456,617,847	3,107,499,524
5. Benefit and loss related payments.....	2,664,062,237	1,768,908,910
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,059,385,089	990,339,279
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....20,020,000 tax on capital gains (losses).....	(252,699,896)	146,606,758
10. Total (Lines 5 through 9).....	3,470,747,430	2,905,854,947
11. Net cash from operations (Line 4 minus Line 10).....	(14,129,583)	201,644,577
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,161,924,826	2,414,587,828
12.2 Stocks.....	1,824,295,969	794,753,747
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	133,321,826	121,855,144
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(60,384)	(302,302)
12.7 Miscellaneous proceeds.....	524,045	546,002
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	4,120,006,282	3,331,440,419
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,579,761,742	2,731,426,950
13.2 Stocks.....	1,117,186,122	467,450,660
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	129,047,841	54,573,722
13.6 Miscellaneous applications.....	1,394,915	11,992,284
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,827,390,620	3,265,443,616
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	292,615,662	65,996,803
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....		
16.6 Other cash provided (applied).....	(190,033,244)	44,043,455
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(190,033,244)	44,043,455
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	88,452,835	311,684,835
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	1,030,053,090	718,368,255
19.2 End of year (Line 18 plus Line 19.1).....	1,118,505,925	1,030,053,090

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	385,559,084	180,683,565	201,238,998	365,003,651
2.	Allied lines.....	859,402,652	382,859,022	451,916,314	790,345,360
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	0		0	0
5.	Commercial multiple peril.....	0		0	0
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	6,876,884	2,541,525	4,395,542	5,022,867
9.	Inland marine.....	779,706,396	343,817,459	383,144,735	740,379,120
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	0		0	0
11.2	Medical professional liability - claims-made.....	0		0	0
12.	Earthquake.....	0		0	0
13.	Group accident and health.....	0		0	0
14.	Credit accident and health (group and individual).....	0		0	0
15.	Other accident and health.....	0		0	0
16.	Workers' compensation.....	0		0	0
17.1	Other liability - occurrence.....	0		0	0
17.2	Other liability - claims-made.....	0		0	0
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	0		0	0
18.2	Products liability - claims-made.....	0		0	0
19.1, 19.2	Private passenger auto liability.....	0		0	0
19.3, 19.4	Commercial auto liability.....	0		0	0
21.	Auto physical damage.....	0		0	0
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	0		0	0
24.	Surety.....	0		0	0
26.	Burglary and theft.....	0		0	0
27.	Boiler and machinery.....	824,655,627	350,171,932	378,654,455	796,173,104
28.	Credit.....	0		0	0
29.	International.....	0		0	0
30.	Warranty.....	0		0	0
31.	Reinsurance - nonproportional assumed property.....	255,947,537		0	255,947,537
32.	Reinsurance - nonproportional assumed liability.....	10,570		0	10,570
33.	Reinsurance - nonproportional assumed financial lines.....	0		0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	3,112,158,748	1,260,073,503	1,419,350,044	2,952,882,207

DETAILS OF WRITE-INS

3401.	.....	0		0	0
3402.	.....	0		0	0
3403.	.....	0		0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	201,238,998				201,238,998
2.	Allied lines.....	451,916,314				451,916,314
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....	4,395,542				4,395,542
9.	Inland marine.....	383,144,735				383,144,735
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....					0
17.2	Other liability - claims-made.....					0
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....					0
21.	Auto physical damage.....					0
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....	378,654,455				378,654,455
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,419,350,044	0	0	0	1,419,350,044
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					1,419,350,044

DETAILS OF WRITE-INS

3401.	.....					0
3402.	.....					0
3403.	.....					0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

(a) State here basis of computation used in each case: Daily Pro Rata

FACTORY MUTUAL INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	463,533,804	60,128,142	91,020,557	34,750,305	194,373,114	385,559,084
2. Allied lines.....	1,062,703,753	129,663,011	178,355,898	78,397,702	432,922,308	859,402,652
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....	301,242	5,685,357	2,059,475	65,062	1,104,128	6,876,884
9. Inland marine.....	919,791,169	89,640,089	186,993,579	73,097,440	343,621,002	779,706,396
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....						0
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....						0
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....	594,245,143	114,790,666	356,573,345	50,848,947	190,104,580	824,655,627
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX	325,031,177		69,083,640		255,947,537
32. Reinsurance - nonproportional assumed liability.....	XXX		10,570			10,570
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	3,040,575,111	724,938,442	815,013,422	306,243,096	1,162,125,131	3,112,158,748

DETAILS OF WRITE-INS

3401.						0
3402.						0
3403.						0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$.0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....	560,326,844	278,023,898	122,683,545	715,667,197	1,080,645,864	717,534,061	1,078,779,000	295.6
2.	Allied lines.....	1,101,458,894	59,186,674	279,956,279	880,689,289	1,300,111,913	1,239,025,530	941,775,672	119.2
3.	Farmowners multiple peril.....				.0	.0	.0	.0	.0
4.	Homeowners multiple peril.....				.0	.0	.0	.0	.0
5.	Commercial multiple peril.....				.0	.0	.0	.0	.0
6.	Mortgage guaranty.....				.0	.0	.0	.0	.0
8.	Ocean marine.....	149,430	128,127	161,795	115,762	40,091,241	36,823,527	3,383,476	67.4
9.	Inland marine.....	322,176,799	108,420,292	79,780,360	350,816,731	378,473,479	500,663,162	228,627,048	30.9
10.	Financial guaranty.....				.0	.0	.0	.0	.0
11.1	Medical professional liability - occurrence.....				.0	.0	.0	.0	.0
11.2	Medical professional liability - claims-made.....				.0	.0	.0	.0	.0
12.	Earthquake.....				.0	.0	.0	.0	.0
13.	Group accident and health.....				.0	.0	.0	.0	.0
14.	Credit accident and health (group and individual).....				.0	.0	.0	.0	.0
15.	Other accident and health.....				.0	.0	.0	.0	.0
16.	Workers' compensation.....		47,948		47,948	511,983	517,908	42,023	.0
17.1	Other liability - occurrence.....	8,133,160	2,768,809	9,653,999	1,247,970	125,987,106	132,693,973	(5,458,897)	.0
17.2	Other liability - claims-made.....				.0	.0	.0	.0	.0
17.3	Excess workers' compensation.....				.0	.0	.0	.0	.0
18.1	Products liability - occurrence.....				.0	.0	.0	.0	.0
18.2	Products liability - claims-made.....				.0	.0	.0	.0	.0
19.1, 19.2	Private passenger auto liability.....				.0	.0	.0	.0	.0
19.3, 19.4	Commercial auto liability.....				.0	.0	.0	.0	.0
21.	Auto physical damage.....				.0	.0	.0	.0	.0
22.	Aircraft (all perils).....	13,084	24,318	9,391	28,011	3,802,268	2,504,364	1,325,915	.0
23.	Fidelity.....	(69,050)			(69,050)	.0	.0	(69,050)	.0
24.	Surety.....				.0	.0	.0	.0	.0
26.	Burglary and theft.....				.0	.0	.0	.0	.0
27.	Boiler and machinery.....	345,835,357	120,561,441	34,078,849	432,317,949	396,560,459	312,117,746	516,760,662	64.9
28.	Credit.....				.0	.0	.0	.0	.0
29.	International.....				.0	.0	.0	.0	.0
30.	Warranty.....				.0	.0	.0	.0	.0
31.	Reinsurance - nonproportional assumed property.....	XXX	472,163,650	73,078,804	399,084,846	.0	.0	399,084,846	155.9
32.	Reinsurance - nonproportional assumed liability.....	XXX	29,548,541	9,826,546	19,721,995	364,010,260	384,120,657	(388,402)	(3,674.6)
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			.0	.0	.0	.0	.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0
35.	TOTALS	2,338,024,518	1,070,873,698	609,229,568	2,799,668,648	3,690,194,572	3,326,000,928	3,163,862,292	107.1

DETAILS OF WRITE-INS

3401.									
3402.									
3403.									
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0	.0	.0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	624,763,411	345,149,409	130,148,655	839,764,165	219,161,866	21,719,833		1,080,645,864	37,292,988
2. Allied lines.....	1,298,019,003	83,210,061	206,762,413	1,174,466,652	121,753,748	3,891,513		1,300,111,913	69,458,094
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	3,874,125	16,271	2,173,854	1,716,542	52,711,398	22,347,583	36,684,282	40,091,241	2,157,048
9. Inland marine.....	323,615,453	135,354,847	142,384,259	316,586,042	56,116,715	5,800,827	30,105	378,473,479	11,211,993
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....		138,262		138,262		373,721		511,983	198
17.1 Other liability - occurrence.....	16,299,256	1,439,745	11,899,968	5,839,033	229,268,647	91,694,098	200,814,672	125,987,106	11,972,139
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....	479,540	686	212,155	268,071	6,738,218	376,150	3,580,171	3,802,268	129,642
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	318,434,774	128,737,757	90,760,308	356,412,223	35,439,988	4,708,248		396,560,459	23,655,866
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX	152,836,326	40,730,156	112,106,170	XXX	341,483,274	89,579,184	364,010,260	50,340,404
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	2,585,485,562	846,883,364	625,071,767	2,807,297,159	721,190,580	492,395,247	330,688,414	3,690,194,572	206,218,372
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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(a) Including \$.....0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	59,315,797			59,315,797
1.2 Reinsurance assumed.....	34,653,741			34,653,741
1.3 Reinsurance ceded.....	11,744,768			11,744,768
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	82,224,770	0	0	82,224,770
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		1,932,651		1,932,651
2.2 Reinsurance assumed, excluding contingent.....		304,624,275		304,624,275
2.3 Reinsurance ceded, excluding contingent.....		190,695,630		190,695,630
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	115,861,296	0	115,861,296
3. Allowances to manager and agents.....				0
4. Advertising.....	17,018	16,046,982	1,585	16,065,585
5. Boards, bureaus and associations.....		94,954		94,954
6. Surveys and underwriting reports.....	16,848	9,113,981		9,130,829
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	23,135,013	329,268,367	3,702,325	356,105,705
8.2 Payroll taxes.....	1,465,681	21,836,781	141,629	23,444,091
9. Employee relations and welfare.....	6,173,388	92,832,203	884,866	99,890,457
10. Insurance.....	36,443	3,457,216	1,684	3,495,343
11. Directors' fees.....		3,315,230		3,315,230
12. Travel and travel items.....	4,132,361	54,993,049	183,221	59,308,631
13. Rent and rent items.....	3,152,340	48,939,412	378,125	52,469,877
14. Equipment.....	(65,736)	5,575,922	18,566	5,528,752
15. Cost or depreciation of EDP equipment and software.....	421,649	38,378,535	1,255,232	40,055,416
16. Printing and stationery.....	240,899	3,265,344	47,571	3,553,814
17. Postage, telephone and telegraph, exchange and express.....	257,427	2,832,218	(214,852)	2,874,793
18. Legal and auditing.....	1,769,566	5,998,109		7,767,675
19. Totals (Lines 3 to 18).....	40,752,897	635,948,303	6,399,952	683,101,152
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....37,887.....	15,877	76,665,641	112,479	76,793,997
20.2 Insurance department licenses and fees.....	16,126	1,812,721	13,946	1,842,793
20.3 Gross guaranty association assessments.....		183,756		183,756
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	32,003	78,662,118	126,425	78,820,546
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	43,940	65,647,425	9,158,581	74,849,946
25. Total expenses incurred.....	123,053,610	896,119,142	15,684,958	(a) 1,034,857,710
26. Less unpaid expenses - current year.....	206,218,372	496,618,137		702,836,509
27. Add unpaid expenses - prior year.....	210,946,724	532,095,911		743,042,635
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	127,781,962	931,596,916	15,684,958	1,075,063,836

DETAILS OF WRITE-INS

2401. Bank activity fees.....	850	502,787	451,684	955,321
2402. Investment management fees.....			8,686,897	8,686,897
2403. Consulting.....	41,939	58,885,286	20,000	58,947,225
2498. Summary of remaining write-ins for Line 24 from overflow page.....	1,151	6,259,352	0	6,260,503
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	43,940	65,647,425	9,158,581	74,849,946

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....4,269,561	.....5,347,573
1.1 Bonds exempt from U.S. tax.....	(a).....50,601,750	.....47,363,504
1.2 Other bonds (unaffiliated).....	(a).....87,596,397	.....89,703,291
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....132,000,592	.....133,080,775
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....14,550,424	.....14,518,843
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....20,803,999	.....20,803,999
9. Aggregate write-ins for investment income.....	.....3,037,015	.....3,037,015
10. Total gross investment income.....	.....312,859,738	.....313,855,000
11. Investment expenses.....	.....	(g).....15,558,533
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....126,425
13. Interest expense.....	.....	(h).....9,278,458
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....24,963,416
17. Net investment income (Line 10 minus Line 16).....	.....	.....288,891,584

DETAILS OF WRITE-INS

0901. IMCA Intercompany Loan Interest Expense.....	.....2,114,094	.....2,114,094
0902. Securities Litigation Income.....	.....354,199	.....354,199
0903. Miscellaneous Income.....	.....568,722	.....568,722
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....3,037,015	.....3,037,015
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....3,655,753 accrual of discount less \$.....37,853,305 amortization of premium and less \$.....13,884,577 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....75,025 accrual of discount less \$.....32,138 amortization of premium and less \$.....78,104 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(151,261)	.....	.....(151,261)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....(5,481,210)	.....	.....(5,481,210)	.....	.....
1.2 Other bonds (unaffiliated).....	.....(7,287,466)	.....	.....(7,287,466)	.....(18,108,636)	.....(3,263,445)
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....817,866,858	.....(93,143,660)	.....724,723,198	.....(1,223,984,584)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....(141,720,738)	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....(70,785)	.....	.....(70,785)	.....10,401	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....53,577,594	.....	.....53,577,594	.....(16,769,783)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....858,453,730	.....(93,143,660)	.....765,310,070	.....(1,400,573,340)	.....(3,263,445)

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	57,113,243	51,829,073	(5,284,170)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	37,268,400	31,213,843	(6,054,557)
21. Furniture and equipment, including health care delivery assets.....	59,823,893	45,878,450	(13,945,443)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	27,643,152	24,439,698	(3,203,454)
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	209,130,888	214,853,228	5,722,340
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	390,979,576	368,214,292	(22,765,284)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	390,979,576	368,214,292	(22,765,284)

DETAILS OF WRITE-INS

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Pension asset.....	159,501,000	171,357,107	11,856,107
2502. Prepaid expenses.....	34,573,777	28,713,170	(5,860,607)
2503. Miscellaneous receivable.....	2,982,474	2,709,314	(273,160)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	12,073,637	12,073,637	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	209,130,888	214,853,228	5,722,340

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern****A. Accounting Practices**

The accompanying financial statements of Factory Mutual Insurance Company ("Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Division of Insurance.

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioner' (NAIC) Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance. The Company has no state prescribed or permitted practices.

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) Company state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ (176,795,414)	\$ (333,403,925)
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ (176,795,414)	\$ (333,403,925)
SURPLUS					
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 11,241,266,523	\$ 12,501,777,004
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP				\$ -	\$ -
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 11,241,266,523	\$ 12,501,777,004

B. Use of Estimates in the Preparation of the Financial Statement

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business.

Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest, dividends and rent income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

(1) Basis for Short-Term Investments

Short-term debt securities are stated at amortized cost using the interest method.

(2) Basis for Bonds and Amortization Schedule

Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.

(3) Basis for Common Stocks

Common Stocks, except investments in stocks of subsidiaries, are stated at fair value.

(4) Basis for Preferred Stocks

The Company has no preferred stocks.

(5) Basis for Mortgage Loans

The Company has no mortgage loans.

(6) Basis for Loan-Backed Securities and Adjustment Methodology

U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern (continued from preceding page)**

(7) Accounting Policies for Investments in Subsidiaries, Controlled and Affiliated Entities

U.S. insurance subsidiaries (Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316) are stated at statutory equity value in accordance with SSAP 97 paragraph 8(b)i. Foreign insurance companies (FM Insurance Company Limited, FM Insurance Europe S.A., FM Global de Mexico S.A. de C.V., and Risk Engineering Insurance Company Limited) are stated at the audited foreign basis equity converted to U.S. statutory equity value in accordance with SSAP 97 paragraph 8(b)iv. Non-insurance subsidiaries (FMRE Holdings LLC) are stated at audited GAAP equity in accordance with SSAP 97 paragraph 8(b)iii.

(8) Accounting Policies for Investments in Joint Ventures, Partnerships and Limited Liability Entities

Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.

(9) Accounting Policies for Derivatives

The Company has no derivatives.

(10) Anticipated Investment Income Used in Premium Deficiency Calculation

The Company anticipates investment income when evaluating the need for premium deficiency reserves.

(11) Management's Policies and Methodologies for Estimating Liabilities for Losses and Loss/Claim Adjustment Expenses for A&H Contracts

Unpaid losses and loss adjustment expenses (including Asbestos and Environmental reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred-but-not-reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

(12) Changes in the Capitalization Policy and Predefined Thresholds from Prior Period

The Company has not changed its capitalization policy from the prior period.

(13) Method Used to Estimate Pharmaceutical Rebate Receivables

The Company has no "pharmaceutical rebate receivables."

D. Going Concern

Based upon its evaluation of relevant conditions and events, management has concluded that the Company will continue as going concern.

Note 2 – Accounting Changes and Correction of Errors

Not Applicable

Note 3 – Business Combinations and Goodwill

Not Applicable

Note 4 – Discontinued Operations

Not Applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not Applicable

B. Debt Restructuring

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed Securities

(1) Description of Sources Used to Determine Prepayment Assumptions

Loan-backed bonds and structured securities are valued at amortized cost using the constant interest rate method, and using an effective yield based on current prepayment assumptions obtained from Bloomberg, rather than anticipated prepayments at the date of purchase. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

(2) Other-Than-Temporary Impairment (OTTI) Loss Recognized in the Aggregate

Not Applicable

(3) Recognized OTTI securities

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

- (4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$	152,325
	2. 12 Months or Longer	\$	909,227
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$	20,578,774
	2. 12 Months or Longer	\$	38,660,166

- (5) Information Investor Considered in Reaching Conclusion that Impairments are Not Other-Than-Temporary

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

- (1) Policy for Requiring Collateral or Other Security

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.

- (2) Disclose the Carrying Amount and Classification of Both Assets and Liabilities

Not Applicable

- (3) Collateral Received

a. Aggregate Amount Collateral Received	Fair Value
1. Securities Lending	
(a) Open	\$ -
(b) 30 Days or Less	33,350,175
(c) 31 to 60 Days	3,500,000
(d) 61 to 90 Days	7,000,000
(e) Greater Than 90 Days	1,000,000
(f) Sub-Total	44,850,175
(g) Securities Received	
(h) Total Collateral Received	\$ 44,850,175
2. Dollar Repurchase Agreement	
(a) Open	\$ -
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	\$ -
b. The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$ 44,850,175

- c. Information about Sources and Uses of Collateral

The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.

- (4) Aggregate Value of the Reinvested Collateral

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

(5) Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	33,350,175	33,350,175
(c) 31 to 60 Days	3,500,000	3,500,000
(d) 61 to 90 Days	7,000,000	7,000,000
(e) 91 to 120 Days	1,000,000	1,000,000
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$ 44,850,175	\$ 44,850,175
(l) Securities Received		
(m) Total Collateral Reinvested	\$ 44,850,175	\$ 44,850,175
2. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	\$ -	\$ -
(l) Securities Received		
(m) Total Collateral Reinvested	\$ -	\$ -

b. Explanation of Additional Sources of Liquidity for Maturity Date Mismatches

The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

(6) Detail on Collateral Transactions Not Permitted by Contract or Custom to Sell or Repledge

In addition to the cash collateral, the Company also receives collateral in the form of government securities. These securities are held by the agent and are not traded or repledged. The current fair value of the securities collateral is \$5,860,537.

(7) Collateral for Securities Lending Transactions that Extend Beyond One Year from the Reporting Date.

The Company has no collateral with transactions that extend beyond one year.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

J. Real Estate

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 5 – Investments (continued from preceding page)

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted					Current Year					
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)	
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	- %	- %
b. Collateral held under security lending arrangements	44,850,175				44,850,175	44,119,498	730,677	44,850,175	0.2%	0.2%	
c. Subject to repurchase agreements									- %	- %	
d. Subject to reverse repurchase agreements									- %	- %	
e. Subject to dollar repurchase agreements									- %	- %	
f. Subject to dollar reverse repurchase agreements									- %	- %	
g. Placed under option contracts									- %	- %	
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock									- %	- %	
i. FHLB capital stock									- %	- %	
j. On deposit with states	5,687,943				5,687,943	5,692,354	(4,411)	5,687,943	- %	- %	
k. On deposit with other regulatory bodies									- %	- %	
l. Pledged as collateral to FHLB (including assets backing funding agreements)									- %	- %	
m. Pledged as collateral not captured in other categories									- %	- %	
n. Other restricted assets									- %	- %	
o. Total Restricted Assets	\$ 50,538,118	\$ -	\$ -	\$ -	\$ 50,538,118	\$ 49,811,852	\$ 726,266	\$ -	\$ 50,538,118	0.3%	0.3%

- (a) Subset of column 1
- (b) Subset of column 3
- (c) Column 5 divided by Asset Page, Column 1, Line 28
- (d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

(3) Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1	2	3	4
	Book/Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
a. Cash, Cash Equivalents and Short-Term Investments	\$ -	\$ -	- %	- %
b. Schedule D, Part 1			%	%
c. Schedule D, Part 2, Sec. 1			%	%
d. Schedule D, Part 2, Sec. 2			%	%
e. Schedule B			%	%
f. Schedule A			%	%
g. Schedule BA, Part 1			%	%
h. Schedule DL, Part 1	44,850,175	44,850,175	0.2%	0.2%
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+i)	\$ 44,850,175	\$ 44,850,175	0.2%	0.2%

- * Column 1 divided by Asset Page, Line 26 (Column 1)
- ** Column 1 divided by Asset Page, Line 26 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	\$ 44,850,175	0.6%

- * Column 1 divided by Liability Page, Line 26 (Column 1)

NOTES TO FINANCIAL STATEMENTS**Note 5 – Investments (continued from preceding page)**

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

O. Structured Notes

Not Applicable

P. 5GI Securities

Not Applicable

Q. Short Sales

Not Applicable

R. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	47	-
(2) Aggregate Amount of Investment Income	\$ 2,123,976	\$ -

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 – Investment Income

A. The bases, by category of investment income, for excluding (nonadmitting) any investment income due and accrued:

The Company non-admits investment income due and accrued if the amounts are over 90 days past due.

B. The total amount excluded:

There were no accrued investment income amounts over 90 days past due as of December 31, 2018, or as of December 31, 2017.

Note 8 – Derivative Instruments

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$307,314,000	\$ 91,128,000	\$398,442,000	\$214,973,000	\$ 74,652,000	\$289,625,000	\$ 92,341,000	\$ 16,476,000	\$108,817,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$307,314,000	\$ 91,128,000	\$398,442,000	\$214,973,000	\$ 74,652,000	\$289,625,000	\$ 92,341,000	\$ 16,476,000	\$108,817,000
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	\$307,314,000	\$ 91,128,000	\$398,442,000	\$214,973,000	\$ 74,652,000	\$289,625,000	\$ 92,341,000	\$ 16,476,000	108,817,000
f. Deferred tax liabilities	66,330,867	563,358,000	629,688,867	26,111,668	825,968,000	852,079,668	40,219,199	(262,610,000)	(222,390,801)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$240,983,133	\$(472,230,000)	\$(231,246,867)	\$188,861,332	\$(751,316,000)	\$(562,454,668)	\$ 52,121,801	\$279,086,000	\$331,207,801

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

2. Admission Calculation Components SSAP No. 101

	2018			2017			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -	\$186,063,000	\$ -	\$186,063,000	\$(186,063,000)	\$ -	\$(186,063,000)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)	143,867,000		143,867,000				143,867,000		143,867,000
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	143,867,000		143,867,000				143,867,000		143,867,000
2. Adjusted gross deferred tax assets allowed per limitation threshold			1,686,189,978			1,875,266,550			(189,076,572)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	163,447,000	91,128,000	254,575,000	28,910,000	74,652,000	103,562,000	134,537,000	16,476,000	151,013,000
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$307,314,000	\$ 91,128,000	\$398,442,000	\$214,973,000	\$ 74,652,000	\$289,625,000	\$ 92,341,000	\$ 16,476,000	\$108,817,000

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	660.3%	697.6%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 11,241,266,523	\$ 12,501,777,004

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2018		2017		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 307,314,000	\$ 91,128,000	\$ 214,973,000	\$ 74,652,000	\$ 92,341,000	\$ 16,476,000
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	4.4%	- %	- %	- %	4.4%	- %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 307,314,000	\$ 91,128,000	\$ 214,973,000	\$ 74,652,000	\$ 92,341,000	\$ 16,476,000
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	4.4%	- %	- %	- %	4.4%	- %

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**(b) Does the company's tax planning strategies include the use of reinsurance? YES**B. Deferred Tax Liabilities Not Recognized**

Not Applicable

C. Current and Deferred Income Taxes

The Tax Cuts and Jobs Act was enacted on December 22, 2017. The Act reduced the U.S. federal corporate tax rate from 35% to 21%, requiring companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously not recognized by the Company, and created new taxes on certain foreign source earnings. A net tax expense amount of \$4,695,000 and \$10,000,000 has been recognized, which is included as a component of the income tax benefit on the Statements of Income and a net benefit of \$1,555,000 and \$372,748,000 as a separate component of gains and losses in unassigned funds (surplus), for the years December 31, 2018 and 2017, respectively.

1. Current Income Tax

	1 2018	2 2017	3 (Col 1-2) Change
a. Federal	\$ (184,963,403)	\$ (446,662,148)	\$ 261,698,745
b. Foreign	\$ 19,257,991	\$ 51,696,565	\$ (32,438,574)
c. Subtotal	\$ (165,705,412)	\$ (394,965,583)	\$ 229,260,171
d. Federal income tax on net capital gains	\$ 160,715,000	\$ 93,317,000	\$ 67,398,000
e. Utilization of capital loss carry-forwards	\$ -	\$ -	\$ -
f. Other	\$ -	\$ -	\$ -
g. Federal and Foreign income taxes incurred	\$ (4,990,412)	\$ (301,648,583)	\$ 296,658,171

2. Deferred Tax Assets

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 15,069,000	\$ 17,767,000	\$ (2,698,000)
2. Unearned premium reserve	58,501,000	51,991,000	6,510,000
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual	47,933,000	34,656,000	13,277,000
9. Pension accrual	41,859,000	49,208,000	(7,349,000)
10. Receivables - nonadmitted	11,928,000	10,843,000	1,085,000
11. Net operating loss carry-forward			
12. Tax credit carry-forward	4,678,000		4,678,000
13. Other (items <=5% and >5% of total ordinary tax assets)	127,346,000	50,508,000	76,838,000
Other (items listed individually >5% of total ordinary tax assets)			
Other - nonadmitted	35,719,000	30,292,000	5,427,000
Unrealized foreign exchange gain	24,994,000	6,788,000	18,206,000
Deferred foreign activity	60,757,000	13,173,000	47,584,000
99. Subtotal	307,314,000	214,973,000	92,341,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	307,314,000	214,973,000	92,341,000
e. Capital:			
1. Investments	\$ 91,128,000	\$ 74,652,000	\$ 16,476,000
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	\$ 91,128,000	\$ 74,652,000	\$ 16,476,000
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	91,128,000	74,652,000	16,476,000
i. Admitted deferred tax assets (2d+2h)	\$ 398,442,000	\$ 289,625,000	\$ 108,817,000

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 2,610,000	\$ 2,374,000	\$ 236,000
2. Fixed assets	13,250,000	8,512,000	4,738,000
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	50,470,867	15,225,668	35,245,199
Other (items listed individually >5% of total ordinary tax liabilities)			
Deferred foreign income	49,387,000	14,511,000	34,876,000
99. Subtotal	66,330,867	26,111,668	40,219,199
b. Capital:			
1. Investments	563,358,000	825,968,000	(262,610,000)
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	563,358,000	825,968,000	(262,610,000)
c. Deferred tax liabilities (3a99+3b99)	\$ 629,688,867	\$ 852,079,668	\$ (222,390,801)
4. Net Deferred Tax Assets (2i – 3c)	\$ (231,246,867)	\$ (562,454,668)	\$ 331,207,801

The Company remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21% due to the Tax Cuts and Jobs Act. For the years December 31, 2018 and 2017, the amounts recorded relating to the remeasurement of the deferred tax balance were \$0 and \$(550,645,000) included in the change in unrealized gains as well as \$(1,555,000) and \$177,897,000 included in change in net deferred income tax, respectively.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ (38,175,023)	21.0%
Proration of tax exempt investment income	5,459,000	(3.0)%
Tax exempt income deduction	(10,626,000)	5.8%
Dividends received deduction	(12,259,000)	6.7%
Disallowed travel and entertainment	1,561,000	(0.9)%
Other permanent differences	(743,000)	0.5%
Temporary Differences:		
Total ordinary DTAs	5,121,000	(2.8)%
Total ordinary DTLs	(18,815,000)	10.3%
Total capital DTAs		- %
Total capital DTLs		- %
Other:		
Statutory valuation allowance adjustment		- %
Accrual adjustment – prior year	(1,521,000)	0.8%
Other	(3,590,190)	2.0%
Totals	(73,588,213)	40.4%
Federal and foreign income taxes incurred	(165,705,412)	91.1%
Realized capital gains (losses) tax	160,715,000	(88.4)%
Change in net deferred income taxes	(68,597,801)	37.7%
Total statutory income taxes	\$ (73,588,213)	40.4%

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment

1. The amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes:

Not Applicable

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Year	Amounts
2018	\$59,666,000
2017	\$0

3. The Company's aggregate amount of deposits admitted under Section 6603 of the Internal Revenue Service Code is \$0 .

NOTES TO FINANCIAL STATEMENTS**Note 9 – Income Taxes (continued from preceding page)**

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

Factory Mutual Insurance Company (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

2. The manner in which the Board of Directors sets forth for allocating the consolidated federal income tax:

The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled annually.

G. Federal or Foreign Federal Income Tax Loss Contingencies:

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

- 1a Has the entity fully remitted the RTT? YES
 1b If yes, list the amount of the RTT paid. 14,695,000

I. Alternative Minimum Tax (AMT Credit)

Not Applicable

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of the Relationship Involved

The Company is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

B. Transactions

There were no non-insurance transactions between the Company and any affiliates that exceeded 1/2 of 1% of admitted assets.

C. Dollar Amounts of Transactions and Changes in Terms of Intercompany Agreements

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued from preceding page)**

D. Amounts Due From or To Related Parties

The amounts reported due (to) from affiliates are as follows:

Affiliate	2018	2017
Affiliated FM Insurance Company	\$163,801,837	\$(3,054,397)
Appalachian Insurance Company	(1,112,902)	22,161,578
FM Insurance Company Ltd.	18,906,316	(24,320,378)
FM Insurance Europe S.A.	16,049,180	(31,986,510)
FM Global de Mexico S.A. de C.V.	(3,690,693)	(17,003,768)
FMIC Holdings Inc.	36,973	187,141
FM do Brasil Servicos de Prevencao de Perdas LTDA	(581,288)	(987,059)
FMIC Escritorio de Representacao No Brasil LTDA	(300,990)	(298,224)
Corporate Insurance Services, Inc.	100,302	139,602
FM Global Servicos de R.L. de C.V.	2,914	1,630
FM Approvals LLC	(5,516,921)	(10,404,032)
TSB Loss Control Consultants	319,371	1,245,267
FM Engineering Consulting (Shanghai) Co. Ltd.	(65,059)	142,174
FM Global Services LLC	(1,167,180)	(1,233,810)
FMRE Holdings LLC	17,470,261	1,871,222
Risk Engineering Insurance Company	33	7,639
Totals	\$204,252,154	\$(63,531,926)

E. Guarantees or Undertakings

The Company has entered into Performance Guarantee agreements with its affiliates FM Insurance Company Ltd, FM Insurance Europe S.A., Affiliated FM Insurance Company, FM Asia Holdings Pte. Ltd., and FM Global de Mexico S.A. de C.V. See Note 14A for further information.

F. Material Management or Service Contracts and Cost-Sharing Arrangements

The Company provides certain accounting management and other services to its affiliates. Management fees are charged to affiliates for services rendered.

G. Nature of the Control Relationship That Could Affect Operations

Not Applicable

H. Amount Deducted from the Value of Upstream Intermediate Entity or Ultimate Parent Owned

Not Applicable

I. Investments in SCA that Exceed 10% of Admitted Assets

Not applicable

Note that the investment in FMIC Holdings, Inc. is valued utilizing the look-through approach as indicated in Item L and none of the values of the SCA entities owned by FMIC Holdings, Inc. exceeds 10% of the admitted assets of the Company.

J. Investments in Impaired SCAs

Not Applicable

K. Investment in Foreign Insurance Subsidiary

Not Applicable

L. Investment in Downstream Noninsurance Holding Company

This reporting entity utilizes the look-through approach for the valuation of a downstream non-insurance holding company (FMIC Holdings, Inc.) instead of obtaining audited financial statements of the downstream non-insurance holding company, and therefore makes the following disclosures:

1. The carrying value of the downstream non-insurance company is \$2,443,450,679.
2. The financial statements of the downstream non-insurance company are not audited.
3. The reporting entity has limited the value of its investment in the downstream non-insurance holding company to the value contained in the audited financial statements of applicable SCA entities owned by the downstream non-insurance holding company, and valued in accordance with paragraphs 21 through 24 of SSAP 97.
4. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream non-insurance holding company, if not already recorded in the financial statements of the downstream non-insurance holding company.

NOTES TO FINANCIAL STATEMENTS**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued from preceding page)**

M. All SCA Investments

The NAIC agreed with the company's prior year admitted values in all of its non-insurance SCA entity SUB 2 filings.

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	-	\$ -	\$ -	\$ -
Total SSAP No. 97 8a Entities	XXX	\$ -	\$ -	\$ -
b. SSAP No. 97 8b(ii) Entities				
FMIC Escritorio de Representacao no Brazil LTDA	100.0%	\$ -	\$ -	\$ -
TSB Loss Control Consultants, Inc.	100.0%	\$ -	\$ -	\$ -
Total SSAP No. 97 8b(ii) Entities	XXX	\$ -	\$ -	\$ -
c. SSAP No. 97 8b(iii) Entities				
FMRE Holdings LLC	100.0%	\$ 1,071,502,412	\$ 1,071,502,412	\$ -
FM Approvals LLC	100.0%	\$ -	\$ -	\$ -
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 1,071,502,412	\$ 1,071,502,412	\$ -
d. SSAP No. 97 8b(iv) Entities				
FM Global de Mexico S.A de C.V.	100.0%	\$ 35,572,572	\$ 35,572,572	\$ -
FM Insurance Company Limited	100.0%	\$ 765,859,298	\$ 765,859,298	\$ -
Risk Engineering Insurance Company Limited	100.0%	\$ 591,842,208	\$ 591,842,208	\$ -
FM Insurance Europe S.A.	100.0%	\$ 233,123,275	\$ 233,123,275	\$ -
Total SSAP No. 97 8b(iv) Entities	XXX	\$ 1,626,397,353	\$ 1,626,397,353	\$ -
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	\$ 2,697,899,765	\$ 2,697,899,765	\$ -
f. Aggregate Total (a + e)	XXX	\$ 2,697,899,765	\$ 2,697,899,765	\$ -

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
			\$ -			
Total SSAP No. 97 8a Entities	XXX	XXX	\$ -	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
FMIC Escritorio de Representacao no Brazil LTDA	S2	07/20/2018	\$ -			
TSB Loss Control Consultants, Inc.	S2	07/20/2018	\$ -			
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$ -	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
FMRE Holdings LLC			\$1,071,502,412			
FM Approvals LLC			\$ -			
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$1,071,502,412	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
FM Global de Mexico S.A de C.V.	S2	09/10/2018	\$ 35,572,572	Y	N	
FM Insurance Company Limited	S2	07/20/2018	\$ 765,859,298	Y	N	
Risk Engineering Insurance Company Limited	S2	07/20/2018	\$ 591,842,208	Y	N	
FM Insurance Europe S.A.	S2	07/20/2018	\$ 233,123,275	Y	N	
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$1,626,397,353	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8b(i) entities) (b + c + d)	XXX	XXX	\$2,697,899,765	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$2,697,899,765	XXX	XXX	XXX

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

Risk Engineering Insurance Company Limited is a subsidiary of FMIC Holdings, Inc., a downstream non-insurance holding company, described above in Note 10(L). The value of Risk Engineering Insurance Company Limited is included within the SUB-2 filing for FMIC Holdings, Inc.

N. Investment in Insurance SCAs

(1) Accounting Practice that Differs from NAIC Statutory Accounting Practices and Procedures

The Company's reported insurance SCA investments include one insurance company that has a permitted practice. Specifically, Affiliated FM Insurance Company (NAIC # 10014), applies paragraph 5(a) of SSAP 23, rather than paragraph 5(b) of SSAP 23, with respect to the methodology applied in translating its Canadian branch to USD. This is consistent with the methodology used in prior years, and a permitted practice has been approved by the State of Rhode Island. The total adjustment to convert Affiliated FM Insurance Company's balance sheet to USD is \$123,633,321, which appears on line 17 - "Net adjustment in assets and liabilities due to foreign exchange rates", on page 3 - "Liabilities" of its 2018 annual statement. There is no net impact on surplus for this practice, and the effect on 2018 net income would be a increase to net income in the amount of \$22,975,012 (which would be offset by a corresponding decrease to surplus).

NOTES TO FINANCIAL STATEMENTS**Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (continued from preceding page)**

(2) Monetary Effect on Net Income and Surplus

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect On NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements*
AFFILIATED FM INSURANCE COMPANY	\$ 22,975,012	\$ -	\$ 1,666,732,871	\$ 1,666,732,871

* Per AP&P Manual (without permitted or prescribed practices)

(3) RBC Regulatory Event Because of Prescribed or Permitted Practice

Since there is no impact on surplus from this permitted practice, there is no effect on risk-based capital that would have triggered a regulatory event. There is no difference in the amount of the Company's investment in Affiliated FM Insurance Company from applying the permitted practice, rather than applying NAIC statutory accounting principles.

O. SCA Loss Tracking

Not Applicable

Note 11 – Debt

Not Applicable

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

The Company sponsors certain noncontributory retirement income plans. For the vast majority of employees, the benefits are generally based on years of service and the average of the highest consecutive 60 months of the employee's compensation within the 120 months prior to retirement. The Company's funding policy is to maintain a sufficiently funded level to ensure benefit security and to vary contribution levels as appropriate to business conditions. The Company also has supplemental retirement plans that are noncontributory defined benefit plans covering certain employees.

The Company provides health care and life insurance benefits for certain retired employees and their dependents. Employees hired on or after January 1, 2000, and employees that were active employees on January 1, 2000 and had not reached the age of 30 as of January 1, 2000, are not eligible for retiree medical benefits. Eligibility of other employees hired prior to January 1, 2000 and retiring subsequent to that date depends on whether they meet certain age and service requirements at retirement. The plan is generally contributory, with retiree contributions adjusted annually, and contains other cost-sharing features, including deductibles and coinsurance. Certain retirees transitioned to the individual Medicare market effective January 1, 2014 and others will transition on January 1, 2019 and January 1, 2020 respectively. Retirees and dependents enrolled in the individual Medicare market participate in a Retiree Health Reimbursement Account.

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plan
(continued from preceding page)**

(1) Change in Benefit Obligation

	Overfunded 2018	Overfunded 2017	Underfunded 2018	Underfunded 2017
a. Pension Benefits				
1. Benefit obligation at beginning of year	\$ 2,439,496,000	\$ 2,225,343,000	\$ 226,831,000	\$ 205,469,000
2. Service cost	66,709,000	56,697,000	5,419,000	5,138,000
3. Interest cost	89,939,000	89,666,000	8,238,000	8,351,000
4. Contribution by plan participants			468,000	556,000
5. Actuarial (gain) loss	(250,513,000)	141,953,000	17,632,000	18,142,000
6. Foreign currency exchange rate changes			(1,022,000)	364,000
7. Benefits paid	79,780,000	74,163,000	7,143,000	11,189,000
8. Plan amendments	-	-	-	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	12,624,000	-
10. Benefit obligation at end of year	\$ 2,265,851,000	\$ 2,439,496,000	\$ 237,799,000	\$ 226,831,000
b. Postretirement Benefits				
1. Benefit obligation at beginning of year	\$ -	\$ -	\$ 219,133,000	\$ 209,822,000
2. Service cost			1,814,000	1,799,000
3. Interest cost			7,488,000	8,155,000
4. Contribution by plan participants				
5. Actuarial (gain) loss			(21,793,000)	12,314,000
6. Foreign currency exchange rate changes				
7. Benefits paid			12,534,000	12,957,000
8. Plan amendments			20,521,000	
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$ -	\$ -	\$ 173,587,000	\$ 219,133,000
c. Special or Contractual Benefits per SSAP No. 11				
1. Benefit obligation at beginning of year	\$ -	\$ -	\$ -	\$ -
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial (gain) loss				
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
10. Benefit obligation at end of year	\$ -	\$ -	\$ -	\$ -

(2) Change in Plan Assets

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2018	2017	2018	2017	2018	2017
a. Fair value of plan assets at beginning of year	\$ 2,644,110,000	\$ 2,381,301,000	\$ 155,515,000	\$ 144,645,000	\$ -	\$ -
b. Actual return on plan assets	(84,843,000)	338,311,000	(10,399,000)	22,905,000		
c. Foreign currency exchange rate changes	(1,568,000)	729,000				
d. Reporting entity contribution	18,366,000	8,565,000	1,235,000	1,302,000		
e. Plan participants' contributions	468,000	556,000				
f. Benefits paid	86,922,000	85,352,000	12,860,000	13,337,000		
g. Business combinations, divestitures and settlements	12,624,000					
h. Fair value of plan assets at end of year	\$ 2,476,987,000	\$ 2,644,110,000	\$ 133,491,000	\$ 155,515,000	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**
(continued from preceding page)

(3) Funded Status

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Components				
1. Prepaid benefit costs	\$ 849,057,000	\$ 883,697,000	\$ -	\$ -
2. Overfunded plans assets	\$ (689,556,000)	\$ (712,340,000)	\$ -	\$ -
3. Accrued benefit costs	\$ (77,616,000)	\$ (93,678,000)	\$ (32,870,000)	\$ (30,875,000)
4. Liability for pension benefits	\$ (108,548,000)	\$ (99,896,000)	\$ (7,226,000)	\$ (32,743,000)
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	\$ 159,501,000	\$ 171,357,000	\$ -	\$ -
2. Liabilities recognized	\$ (186,164,000)	\$ (193,574,000)	\$ (40,096,000)	\$ (63,618,000)
c. Unrecognized liabilities	\$ -	\$ -	\$ -	\$ -

(4) Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2018	2017	2018	2017	2018	2017
a. Service cost	\$ 72,128,000	\$ 61,835,000	\$ 1,814,000	\$ 1,799,000	\$ -	\$ -
b. Interest cost	98,177,000	98,017,000	7,488,000	8,155,000		
c. Expected return on plan assets	(179,621,000)	(161,765,000)	(9,728,000)	(9,021,000)		
d. Transition asset or obligation	(118,000)	(120,000)	1,749,000	1,749,000		
e. Gains and losses	40,086,000	47,085,000	2,582,000	3,218,000		
f. Prior service cost or credit	139,000	139,000	4,492,000	4,633,000		
g. Gain or loss recognized due to a settlement curtailment	5,565,000					
h. Total net periodic benefit cost	\$ 36,356,000	\$ 45,191,000	\$ 8,397,000	\$ 10,533,000	\$ -	\$ -

(5) Amounts in Unassigned Funds (Surplus) Recognized as Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Items not yet recognized as a component of net periodic cost – prior year	\$ 812,233,000	\$ 875,811,000	\$ 54,830,000	\$ 66,000,000
b. Net transition asset or obligation recognized	116,000	116,000	(1,749,000)	(1,749,000)
c. Net prior service cost or credit arising during the period			(20,521,000)	
d. Net prior service cost or credit recognized	(139,000)	(139,000)	(4,492,000)	(4,633,000)
e. Net gain and loss arising during the period	31,545,000	(16,470,000)	(1,666,000)	(1,570,000)
f. Net gain and loss recognized	(45,651,000)	(47,085,000)	(2,582,000)	(3,218,000)
g. Items not yet recognized as a component of net periodic cost – current period	\$ 798,104,000	\$ 812,233,000	\$ 23,820,000	\$ 54,830,000

(6) Amounts in Unassigned Funds (Surplus) Expected to be Recognized in the Next Fiscal Year as Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Net transition asset or obligations	\$ (115,000)	\$ (118,000)	\$ 1,312,000	\$ 1,749,000
b. Net prior service cost or credit	\$ 139,000	\$ 139,000	\$ (3,034,000)	\$ 4,492,000
c. Net recognized gains and losses	\$ 38,088,000	\$ 40,086,000	\$ 2,870,000	\$ 2,582,000

(7) Amounts in Unassigned Funds (Surplus) that have not yet been Recognized as Components of Net Periodic Benefit Cost

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
a. Net transition asset or obligations	\$ (197,000)	\$ (321,000)	\$ 1,312,000	\$ 3,060,000
b. Net prior service cost or credit	\$ 242,000	\$ 381,000	\$ (16,788,000)	\$ 8,226,000
c. Net recognized gains and losses	\$ 798,059,000	\$ 812,173,000	\$ 39,296,000	\$ 43,544,000

(8) Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost as of December 31

	2018	2017
a. Weighted-average discount rate	3.6%	4.0%
b. Expected long-term rate of return on plan assets	6.9%	6.9%
c. Rate of compensation increase	4.5%	4.5%
Weighted-average assumptions used to determine projected benefit obligations as of December 31		
d. Weighted-average discount rate	4.3%	3.6%
e. Rate of compensation increase	4.5%	4.5%

(9) Accumulated Benefit Obligation for Defined Benefit Pension Plans

The amount of the accumulated benefit obligation for defined benefit pension plans was \$2,161,169,000 for the current year and \$2,275,841,000 for the prior year.

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (continued from preceding page)**

- (10) For Postretirement Benefits Other Than Pensions, the Assumed Health Care Cost Trend Rate(s)

The Company has two non-pension postretirement healthcare plans in the United States and Canada.

For the United States plan the assumed healthcare cost trend for the next year used to measure the expected cost of benefits covered by the plan is 7.00%. The ultimate trend rate of 5.00% is expected to be achieved in five years.

For the Canada plan the assumed healthcare cost trend for the next year used to measure the expected cost of benefits covered by the plan is 5.00%. The ultimate trend rate of 5.00% is expected to be achieved in one year.

- (11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$ 466,000	\$ (394,000)
b. Effect on postretirement benefit obligation	\$ 6,472,000	\$ (5,646,000)

- (12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

Year(s)	Amount
a. 2019	\$ 107,693,000
b. 2020	\$ 109,264,000
c. 2021	\$ 115,077,000
d. 2022	\$ 119,743,000
e. 2023	\$ 124,641,000
f. 2024 through 2028	\$ 706,701,000

- (13) Estimate of Contributions Expected to be Paid to the Plan

The Company currently intends to make voluntary contributions to the defined benefit pension plans of \$7,882,000 in 2019. The Company currently intends to make voluntary contributions to other postretirement benefit plans of \$398,000 in 2019.

- (14) Amounts and Types of Securities Included in Plan Assets

Not Applicable

- (15) Alternative Method Used to Amortize Prior Service Amounts or Net Gains and Losses

Not Applicable

- (16) Substantive Comment Used to Account for Benefit Obligation

Not Applicable

- (17) Cost of Providing Special or Contractual Termination Benefits Recognized

Not Applicable

- (18) Significant Change in the Benefit Obligation or Plan Assets

Not Applicable

- (19) Amount and Time Plan Assets Expected to be Returned

Not Applicable

- (20) Accumulated Postretirement and Pension Benefit Obligation and Fair Value of Plan Assets for Defined Postretirement and Pension Benefit Plans

Not Applicable

- (21) Full Transition Surplus Impact of SSAP 102

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plan (continued from preceding page)****B. Investment Policies and Strategies**

Description of Investment Policies

The investment policy of the Pension and Postretirement Plans specify the type of securities that may be used, the limits on the amount of the asset classes and subclasses, and the general principles used in managing the plan's assets. The overriding objective is to maximize plan surplus and long-term total return of plan assets within constraints established to control risk and volatility. The asset allocation is segregated within three primary asset classes representing the first layer of asset allocation. The broad categories are equities, fixed income, and cash and cash equivalents. The broad equities allocation also includes limits within domestic small cap and international equities categories, and lower thresholds for private equity and real estate. The current approved ranges for the three asset classes in the U.S. Pension fund, which is also the largest of the retirement plans, are as follows:

<u>Asset class</u>	<u>Range</u>
Equities	50 - 80%
Fixed Income	10 - 50%
Cash and cash equivalent	0 - 15%

The portfolio construction is based on prudent investment principles including diversification of securities and ongoing analysis of the fundamental and valuation factors underlying the securities owned, and external funds managed.

The equities allocation includes individual common stocks, equity mutual funds and small allocation to private equity partnerships as well. All equity investments are based on fundamental analysis of investment variables, including earning prospects, cash flow, balance sheet strength, competitive positioning, and other factors. Diversification is emphasized, with specific size limits on individual stocks, international-oriented mutual funds, small capitalization-oriented funds and private equity investments. Investment returns are benchmarked against standard indices including the S&P 500 and MSCI global stock indices.

The fixed income allocation consists of debt securities, including individual securities, primarily in the high-grade taxable subcategory, debt mutual funds, as well as an outside managed portfolio of U.S. high-yield bonds. Debt securities are actively managed, using best practices investment disciplines and provide a lower risk, high quality complement to the total pension investment portfolio.

The cash and cash equivalent category includes short-term investments, defined as debt securities with a maturity of less than one year, and are held primarily for liquidity purposes and secondarily to reduce duration of fixed income securities when warranted by interest rate levels. Capital preservation is the primary consideration of investment in this asset class, therefore, only the highest quality investments are used. This is principally money market funds and commercial paper carrying the highest quality ratings.

The defined benefit pension plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2018	Target Allocation
Equity Securities	58%	53%
Debt Securities	31%	33%
Cash	6%	8%
Other	5%	6%
Total	100%	100%

The defined benefit postretirement plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2018	Target Allocation
Equity Securities	87%	80%
Debt Securities	0%	0%
Cash	13%	20%
Other	0%	0%
Total	100%	100%

NOTES TO FINANCIAL STATEMENTS**Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
(continued from preceding page)**

C. Fair Value of Plan Assets

(1) Fair Value Measurements of Plans Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Equity securities				
Consumer discretionary	\$ 206,791,000	\$ -	\$ -	\$ 206,791,000
Consumer staples	\$ 93,595,000	\$ -	\$ -	\$ 93,595,000
Energy	\$ 78,891,000	\$ -	\$ -	\$ 78,891,000
Financials	\$ 228,494,000	\$ -	\$ -	\$ 228,494,000
Healthcare	\$ 172,848,000	\$ -	\$ -	\$ 172,848,000
Industrials	\$ 113,780,000	\$ -	\$ -	\$ 113,780,000
Information technology	\$ 240,545,000	\$ -	\$ -	\$ 240,545,000
Mutual funds	\$ 313,399,000	\$ -	\$ -	\$ 313,399,000
All other sectors	\$ 94,000,000	\$ -	\$ -	\$ 94,000,000
Total equity securities	\$ 1,542,343,000	\$ -	\$ -	\$ 1,542,343,000
Debt securities				
U.S. Treasury securities and				
Obligations of U.S.				
government agencies	\$ -	\$ 358,827,000	\$ -	\$ 358,827,000
Mortgage and asset-backed				
securities				
Agency	\$ -	\$ 72,657,000	\$ -	\$ 72,657,000
Other mortgage and asset-				
backed securities	\$ -	\$ 17,981,000	\$ -	\$ 17,981,000
U.S. corporate securities	\$ -	\$ 282,705,000	\$ -	\$ 282,705,000
Mutual funds	\$ -	\$ 35,619,000	\$ -	\$ 35,619,000
Total debt securities	\$ -	\$ 767,789,000	\$ -	\$ 767,789,000
Cash equivalents	\$ 176,990,000	\$ -	\$ -	\$ 176,990,000
Total Plan Assets	\$ 1,719,333,000	\$ 767,789,000	\$ -	\$ 2,487,122,000

Pension assets as of December 31, 2018 include \$123,356,000 of private equity partnerships and hedge funds measured at fair value using net asset value (NAV).

(2) Valuation Technique(s) and Inputs Used to Measure Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

Level 3 Significant inputs to the valuation model are unobservable

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities.

When pricing is not available from a pricing vendor it is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. These investments are primarily comprised of private equity funds and partnerships.

D. Basis Used to Determine Expected Long-Term Rate-of-Return

Expected rate of return assumptions are created based on assessments of long-term behavior of asset classes. As part of the process, historical relationships are considered. Using a three- to five-year outlook, estimates of numerous variables have been combined to gauge economic growth potential. Corporate cash flows are correlated with economic growth but also reflect productivity and profit margin trends, with positive cash flow trends driving favorable return to equity owners. Fixed income returns are expected to produce somewhat lower returns with a lower level of volatility compared to equities.

E. Defined Contribution Plans

The Company also sponsors a 401(k) savings plan whereby eligible employees may elect annually to contribute from 1% to 50% of their base pay on a pretax or after-tax basis. Employee contributions are restricted to Internal Revenue Service limits. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were \$19,006,000 in 2018 and \$18,318,000 in 2017.

F. Multiemployer Plans

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (continued from preceding page)

- G. Consolidated/Holding Company Plans
See Note 12A
- H. Postemployment Benefits and Compensated Absences
Not Applicable
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
Not Applicable

Note 13 – Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

- A. Number of Share and Par or State Value of Each Class
Not Applicable
- B. Dividend Rate, Liquidation Value and Redemption Schedule of Preferred Stock Issues
Not Applicable
- C. Dividend Restrictions
Not Applicable
- D. Dates and Amounts of Dividends Paid
Not Applicable
- E. Profits that may be Paid as Ordinary Dividends to Stockholders
Not Applicable
- F. Restrictions on Unassigned Funds (Surplus)
Not Applicable
- G. Amount of Advances to Surplus not Repaid
Not Applicable
- H. Amount of Stock Held for Special Purposes
Not Applicable
- I. Reasons for Changes in Balance of Special Surplus Funds from Prior Period
Not Applicable
- J. The Portion of Unassigned Funds (Surplus) Represented or Reduced by Unrealized Gains and Losses is: \$2,682,655,000.
- K. The Reporting Entity Issued the Following Surplus Debentures or Similar Obligations
Not Applicable
- L. The impact of any restatement due to prior quasi-reorganizations is as follows
Not Applicable
- M. Effective Date of Quasi-Reorganization for a Period of Ten Years Following Reorganization
Not Applicable

Note 14 – Liabilities, Contingencies and Assessments

- A. Contingent Commitments
- (1) Total SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88, and SSAP No. 48, Joint Ventures, Partnerships and Limited Liability Company contingent liabilities: \$443,814,871.

NOTES TO FINANCIAL STATEMENTS**Note 14 – Liabilities, Contingencies and Assessments (continued from preceding page)**

(2) Detail of other contingent commitments

Factory Mutual Insurance Company, is the owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), and there is a Performance Guarantee agreement with FMI whereby Factory Mutual Insurance Company guarantees the full performance by FMI of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI.

Factory Mutual Insurance Company, is the owner of all the issued and outstanding common stock of FM Insurance Europe S.A. ("FMIE"), and there is a Performance Guarantee agreement with FMIE whereby Factory Mutual Insurance Company guarantees the full performance by FMIE of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMIE.

Factory Mutual Insurance Company, is the owner of all the issued and outstanding common stock of FMIC Holdings, Inc., the owner of all the issued and outstanding common stock of Affiliated FM Insurance Company ("AFM"), and there is a Performance Guarantee agreement with AFM whereby FMIC guarantees the full performance by AFM of its lawful obligations with respect to contracts of insurance and reinsurance issued by AFM.

Factory Mutual Insurance Company is the owner of FMRE Holdings LLC, which owns FM Asia Holdings Pte. Ltd., and there is a Performance Guarantee agreement with FM Asia Holdings Pte. Ltd. whereby FMIC guarantees the obligations of FM Asia Holdings Pte. Ltd. to Singapore Science Park Ltd., the landlord in a real estate project in Singapore for which FM Asia Holdings Pte. Ltd. is the tenant.

Factory Mutual Insurance Company is the owner of all the issued and outstanding common stock of FM Global de Mexico S.A. de C.V. ("FMGM"), and there is a Guarantee agreement in place with respect to an insurance contract for a policyholder of FMGM, whereby Factory Mutual Insurance Company guarantees the payment of losses to the policyholder per the contract terms.

There are no current or anticipated amounts payable under these agreements, nor are there any amounts anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to these companies to enable them to fulfill their contractual obligations. There are no applicable carrying values with respect to these agreements, and due to their nature the likelihood of potential future payments is remote and not quantifiable or determinable.

(3) Aggregate Compilation of Guarantee Obligations

Not Applicable

B. Assessments

(1) Nature of Any Assets That Could Have a Material Financial Effect

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums.

The Company has accrued a liability for guaranty fund and other assessments of \$633,171 and a related premium tax benefit asset of \$167,000.

The amount recorded represents management's best estimates based on information received from the states in which the company writes business. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The asset is included in the guaranty funds receivable asset and is expected to be realized over the five to ten years following payment.

At times, the Company has the ability to recover a portion of the accrued assessment liability through policyholder surcharges. As of December 31, 2018, the asset related to policyholder surcharges, which appears within Page 2 line 25, is \$57,000.

(2) Assets Recognized From Paid and Accrued Premium Tax Offsets and Policy Surcharges

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year –end	\$	161,000
b. Decreases current year:	\$	38,000
c. Increases current year:	\$	44,000
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	167,000

(3) Undiscounted and Discounted Guaranty Fund Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Not Applicable

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 14 – Liabilities, Contingencies and Assessments (continued from preceding page)**

G. All Other Contingencies

At December 31, 2018 and 2017 the Company had admitted premiums receivable assets of \$647,895,680 and \$527,414,381, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premium receivables as of December 31, 2018 are not expected to exceed the nonadmitted amount totaling \$57,113,243, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that is considered impaired.

Note 15 – Leases

A. Lessee Operating Lease

(1) Lessee's Leasing Arrangements

a. Rental Expense

In connection with its various operating offices through North America, the Company leases office space, equipment and automobiles. These leases are classified as operating leases. Rental expense for all operating leases was \$60,300,743 in 2018 and \$56,159,376 in 2017.

b. Basis on Which Contingent Rental Payments are Determined

Not Applicable

c. Existence and Terms of Renewal or Purchase Options and Escalation Clauses

The Company has a right of first offer to purchase at fair value an office building in Pennsylvania currently leased from a third party. The value of this purchase option is approximately \$8 million.

d. Restrictions Imposed by Lease Agreements

Not Applicable

e. Identification of Lease Agreements that have been Terminated Early

Not Applicable

(2) Leases with Initial or Remaining Noncancelable Lease Terms in Excess of One Year

a. At December 31, 2018 the minimum aggregate rental commitments are as follows:

Year Ending December 31	Operating Leases
1. 2019	\$ 29,592,403
2. 2020	\$ 27,010,589
3. 2021	\$ 21,144,554
4. 2022	\$ 16,560,329
5. 2023	\$ 16,401,484
6. Total	\$ 195,087,977

Certain rental commitments have renewal options extending through the year 2048. Some of these renewals are subject to adjustments in future periods.

b. Total of Minimum Rentals to be Received in the Future under Noncancelable Subleases

Not Applicable

(3) For Sale-Leaseback Transactions

Not Applicable

B. Lessor Leases

Not Applicable

Note 16 – Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales

Not Applicable

B. Transfer and Servicing of Financial Assets

(1) Description of any Loaned Securities

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$49,652,771 and \$181,243,100 at December 31, 2018 and December 31, 2017, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.

(2) Servicing Assets and Servicing Liabilities

Not Applicable

(3) When Servicing Assets and Liabilities are Measured at Fair Value

Not Applicable

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales

Not Applicable

(5) Disclosure Requirements for Transfers of Assets Accounted for as Secured Borrowing

Not Applicable

(6) Transfer of Receivables with Recourse

Not Applicable

(7) Securities Underlying Repurchase and Reverse Repurchase Agreements, Dollar Repurchase and Dollar Reverse Repurchase Agreements

Not Applicable

C. Wash Sales

Not Applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not Applicable

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy or designates certain invested assets as carried at net asset value (NAV). Item 4 provides a discussion of each of these categories.

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Bonds	\$ -	\$ 259,981,828	\$ -	\$ -	\$ 259,981,828
Common Stocks - Industrial & Miscellaneous	\$ 4,677,665,955	\$ -	\$ -	\$ -	\$ 4,677,665,955
Common Stocks - Mutual Funds	\$ 716,269,681	\$ -	\$ -	\$ -	\$ 716,269,681
Money Market Mutual Funds	\$ -	\$ -	\$ -	\$ 539,121,709	\$ 539,121,709
Total	\$ 5,393,935,636	\$ 259,981,828	\$ -	\$ 539,121,709	\$ 6,193,039,173
Liabilities at Fair Value					
	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

The Company has no assets measured at fair value in the Level 3 category.

(3) Policies when Transfers Between Levels are Recognized

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

NOTES TO FINANCIAL STATEMENTS**Note 20 – Fair Value Measurements (continued from preceding page)**

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

Level 3 Significant inputs to the valuation model are unobservable

The Company elects to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

(5) Derivative Fair Value Disclosures

Not Applicable

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

Not Applicable

C. Fair Value Level

The table below reflects the fair value and admitted values of all admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 4,865,783,151	\$ 4,873,958,080	\$ -	\$4,873,958,080	\$ -	\$ -	\$ -
Common Stocks	\$ 5,393,935,636	\$ 5,393,935,636	\$5,393,935,636	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents	\$ 1,118,505,925	\$ 1,118,505,925	\$ 579,384,216	\$ -	\$ -	\$ 539,121,709	\$ -
Securities Lending Reinvested Collateral Assets	\$ 44,850,175	\$ 44,850,175	\$ 44,850,175	\$ -	\$ -	\$ -	\$ -
Total	\$ 11,423,074,887	\$11,431,249,816	\$6,018,170,027	\$4,873,958,080	\$ -	\$ 539,121,709	\$ -

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

The Company elects to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

Note 21 – Other Items

A. Unusual or Infrequent Items

Not Applicable

B. Troubled Debt Restructuring Debtors

Not Applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in net unrealized foreign exchange" adjustment line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

D. Business Interruption Insurance Recoveries

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 21 – Other Items (continued from preceding page)**

E. State Transferable and Non-Transferable Tax Credits

- (1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Investment Tax Credit	RI	\$ -	\$ 2,618,660
Total		\$ -	\$ 2,618,660

- (2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

The Company estimated the utilization of the remaining Transferable and Non-transferable State Tax Credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining Transferable and Non-transferable State Tax Credits.

- (3) Impairment Loss

Not Applicable

- (4) State Tax Credits Admitted and Nonadmitted

None

F. Subprime Mortgage Related Risk Exposure

- (1) Description of the Subprime-Mortgage-Related Exposure and Related Risk Management Policies

The Company defines its exposure to subprime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be subprime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. The company has minimal exposure to subprime securities and has no plans to increase its holding in subprime securities at this time. This exposure will not materially affect the Company's unrealized losses or anticipated cash flows.

- (2) Direct Exposure Through Investments in Subprime Mortgage Loans

Not Applicable

- (3) Direct Exposure Through Other Investments

	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$ 623,443	\$ 608,896	\$ 2,332,614	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investments in SCAs*				
f. Other assets				
g. Total	\$ 623,443	\$ 608,896	\$ 2,332,614	\$ -

* These investments comprise 0 % of the company's invested assets.

- (4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

Not Applicable

G. Insurance-Linked Securities (ILS) Contracts

Not Applicable

Note 22 – Events Subsequent

Subsequent events have been considered through February 25, 2019 for these statutory financial statements which are to be issued February 25, 2019. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

A. - H. The Company does not write health insurance policies, and therefore is not subject to Section 9010 of the Affordable Care Act.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

Not Applicable

B. Reinsurance Recoverable in Dispute

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 23 – Reinsurance (continued from preceding page)**

C. Reinsurance Assumed and Ceded

(1) Maximum Amount of Return Commission

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 146,291,657	\$ 3,414,700	\$ 70,056,000	\$ 14,011,200	\$ 76,235,657	\$ (10,596,500)
b. All Other	363,059,633	63,792,551	477,028,020	79,980,063	(113,968,387)	(16,187,512)
c. Total	\$ 509,351,290	\$ 67,207,251	\$ 547,084,020	\$ 93,991,263	\$ (37,732,730)	\$ (26,784,012)
d. Direct Unearned Premium Reserves						\$ 1,457,082,774

(2) Additional or Return Commission

Not Applicable

(3) Types of Risks Attributed to Protected Cell

Not Applicable

D. Uncollectible Reinsurance

Not Applicable

E. Commutation of Ceded Reinsurance

Not Applicable

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not Applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not Applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses decreased by \$93,086,000. The decrease in the prior years was primarily due to the reduction of incurred-but-not-reported (IBNR) reserves based on actual experience.

No additional premiums or return of premiums have been accrued as a result of prior year effects.

B. Information about Significant Changes in Methodologies and Assumptions

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 26 – Intercompany Pooling Arrangements**

A. Identification of the Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Lead Entity and all Affiliated Entities	NAIC Company Code	Pooling Percentage
Factory Mutual Insurance Company (lead insurer)	21482	86.0%
Affiliated FM Insurance Company	10014	12.0%
Appalachian Insurance Company	10316	2.0%

The percentages represent the policyholder's surplus of each company compared to the combined policyholder's surplus for the three companies.

B. Description of Lines and Types of Business Subject to the Pooling Agreement

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. Also, premiums and losses that are assumed and ceded pursuant to stop loss reinsurance treaties between Factory Mutual Insurance Company (Asia Pacific branches) and Affiliated FM Insurance Company, and pursuant to an intercompany reinsurance agreement between the Canadian branches of Factory Mutual Insurance Company and Affiliated FM Insurance Company, are excluded from the intercompany pooling agreement.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

C. Description of Cessions to Non-Affiliated Reinsurance Subject to Pooling Agreement

Reinsurance may be externally ceded on a facultative and/or treaty basis by any pool participant prior to pooling.

D. Identification of all Pool Members that are Parties to Reinsurance Agreements with Non-Affiliated Reinsurers

Each pool participant has a contractual right of direct recovery from its own external reinsurers.

E. Explanation of Discrepancies Between Entries of Pooled Business

There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants.

F. Description of Intercompany Sharing of the Provision for Reinsurance

Each pool participant establishes its respective provision for reinsurance in Schedule F and the write-off of uncollectible reinsurance for its own facultative and treaty cessions.

G. Amounts Due To/From Lead Entity and all Affiliated Entities Participating in the Intercompany Pool

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$113,149,447	\$262,405,274
Affiliated FM Insurance Company	\$244,251,425	\$76,510,138
Appalachian Insurance Company	\$18,153,849	\$36,639,309

Note 27 – Structured Settlements

Not Applicable

Note 28 – Health Care Receivables

Not Applicable

Note 29 – Participating Policies

Not Applicable

Note 30 – Premium Deficiency Reserves

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2018 and determined that a premium deficiency reserve is not applicable.

- Liability carried for premium deficiency reserve: \$0
- Date of most recent evaluation of this liability: January 31, 2019
- Was anticipated investment income utilized in the calculation? Yes [X] No []

Note 31 – High Deductibles

Not Applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not Applicable

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos/Environmental Reserves**

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Asbestos

	2014	2015	2016	2017	2018
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 325,456,000	\$ 294,599,000	\$ 327,477,000	\$ 302,847,000	\$ 292,082,000
b. Incurred losses and loss adjustment expense	(10,612,000)	47,806,000	(4,769,000)	8,612,000	-
c. Calendar year payments for losses and loss adjustment expenses	20,245,000	14,928,000	19,861,000	19,377,000	8,129,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 294,599,000	\$ 327,477,000	\$ 302,847,000	\$ 292,082,000	\$ 283,953,000

(2) Assumed Reinsurance - Asbestos

	2014	2015	2016	2017	2018
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 485,401,000	\$ 470,835,000	\$ 507,928,000	\$ 483,185,000	\$ 484,533,000
b. Incurred losses and loss adjustment expense	25,895,000	71,380,000	9,003,000	33,669,000	2,863,000
c. Calendar year payments for losses and loss adjustment expenses	40,461,000	34,287,000	33,746,000	32,321,000	29,968,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 470,835,000	\$ 507,928,000	\$ 483,185,000	\$ 484,533,000	\$ 457,428,000

(3) Net of Ceded Reinsurance - Asbestos

	2014	2015	2016	2017	2018
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 458,239,000	\$ 434,431,000	\$ 454,195,000	\$ 435,952,000	\$ 450,771,000
b. Incurred losses and loss adjustment expense	5,464,000	41,771,000	6,401,000	35,609,000	164,000
c. Calendar year payments for losses and loss adjustment expenses	29,272,000	22,007,000	24,644,000	20,790,000	19,697,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 434,431,000	\$ 454,195,000	\$ 435,952,000	\$ 450,771,000	\$ 431,238,000

- B. State the amount of the ending reserves for Bulk and IBNR included in A (Loss and LAE)

(1) Direct basis	\$ 262,434,000
(2) Assumed reinsurance basis	327,257,000
(3) Net of ceded reinsurance basis	\$ 334,882,000

- C. State the amount of the ending reserves for loss adjustment expenses included in A (Case, Bulk and IBNR)

(1) Direct basis	\$ 10,663,681
(2) Assumed reinsurance basis	46,817,989
(3) Net of ceded reinsurance basis	\$ 46,732,929

- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Environmental

	2014	2015	2016	2017	2018
a. Beginning reserves	\$ 16,501,000	\$ 14,932,000	\$ 16,596,000	\$ 15,399,000	\$ 15,050,000
b. Incurred losses and loss adjustment expense	(540,000)	2,423,000	(187,000)	636,000	-
c. Calendar year payments for losses and loss adjustment expenses	1,029,000	759,000	1,010,000	985,000	413,000
d. Ending reserves	\$ 14,932,000	\$ 16,596,000	\$ 15,399,000	\$ 15,050,000	\$ 14,637,000

NOTES TO FINANCIAL STATEMENTS**Note 33 – Asbestos/Environmental Reserves (continued from preceding page)**

(2) Assumed Reinsurance - Environmental

	2014	2015	2016	2017	2018
a. Beginning reserves	\$ 72,348,000	\$ 76,213,000	\$ 86,914,000	\$ 83,974,000	\$ 82,941,000
b. Incurred losses and loss adjustment expense	5,979,000	12,509,000	962,000	1,623,000	145,000
c. Calendar year payments for losses and loss adjustment expenses	2,114,000	1,808,000	3,902,000	2,656,000	1,289,000
d. Ending reserves	\$ 76,213,000	\$ 86,914,000	\$ 83,974,000	\$ 82,941,000	\$ 81,797,000

(3) Net of Ceded Reinsurance - Environmental

	2014	2015	2016	2017	2018
a. Beginning reserves	\$ 61,054,000	\$ 62,778,000	\$ 71,983,000	\$ 64,243,000	\$ 64,411,000
b. Incurred losses and loss adjustment expense	3,874,000	10,627,000	(4,729,000)	2,452,000	(130,000)
d. Calendar year payments for losses and loss adjustment expenses	2,150,000	1,422,000	3,011,000	2,284,000	1,055,000
d. Ending reserves	\$ 62,778,000	\$ 71,983,000	\$ 64,243,000	\$ 64,411,000	\$ 63,226,000

E. State the amount of the ending reserves for Bulk and IBNR included in D (Loss and LAE)

(1) Direct basis	\$ 13,543,000
(2) Assumed reinsurance basis	63,875,000
(3) Net of ceded reinsurance basis	\$ 47,906,000

F. State the amount of the ending reserves for loss adjustment expenses included in D (Case, Bulk and IBNR)

(1) Direct basis	\$ 542,129
(2) Assumed reinsurance basis	6,445,921
(3) Net of ceded reinsurance basis	\$ 7,430,243

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? Rhode Island
- 1.4 Is the reporting entity publicly traded or a member of publicly traded group? Yes No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2017
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/08/2018
- 3.4 By what department or departments?
Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
If the answer is YES, complete and file the merger history data file with the NAIC.
- 5.2 If yes, provide the name of entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC
Company
Code | 3
State of
Domicile |
|---------------------|------------------------------|---------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No
- 7.2 If yes,
- 7.21 State the percentage of foreign control _____ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).
- | 1
Nationality | 2
Type of Entity |
|------------------|---------------------|
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes No
- 8.4 If the response to 8.3 is yes, please provide below the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
FDIC | 6
SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No
- 10.2 If the response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes No
- 10.4 If the response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A
- 10.6 If the response to 10.5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kathleen Odomirok, FCAS, MAAA - Principal, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
- 12.11 Name of real estate holding company FMRE Holdings LLC
- 12.12 Number of parcels involved 37
- 12.13 Total book/adjusted carrying value \$ 1,071,502,414
- 12.2 If yes, provide explanation
FMRE Holdings LLC is a wholly owned subsidiary owning subsidiaries that own commercial office buildings that are leased.
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes No
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
			\$

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes No
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes No
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes No

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers 0
- 20.23 Trustees, supreme or grand (Fraternal only) 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes No
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ 0
- 21.22 Borrowed from others \$ 0
- 21.23 Leased from others \$ 0
- 21.24 Other \$ 0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes No
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ 0
- 22.22 Amount paid as expenses \$ 0
- 22.23 Other amounts paid \$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [] No [X]

24.02 If no, give full and complete information, relating thereto:
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The market value and collateral value of securities loaned as of year end 2018 is \$49,652,771 and \$50,710,712 respectively. The amount of cash collateral carried on the balance sheet is \$44,850,175. See Note 17 for a description of the securities lending program

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the *Risk-Based Capital Instructions*? Yes [X] No [] N/A []

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 50,710,712

24.06 If answer to 24.04 is no, report amount of collateral for other programs \$ 0

- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [] N/A []

- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [] N/A []

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 44,850,175

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 44,850,175

24.103 Total payable for securities lending reported on the liability page: \$ 44,850,175

- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 5,687,943

25.29 On deposit with other regulatory bodies \$ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0

25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
 If no, attach a description with this statement.

- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year: \$ 0

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Worldwide Securities Services	383 Madison Avenue New York, NY
RBC Investor Services	200 Bay Street, Toronto, Ontario Canada

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

- 28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].

1 Name of Firm or Individual	2 Affiliation
Sanjay Chawla, SVP, Investments Manager	I
Daniel Richards VP, Portfolio Mgr Fixed Income	I
Scott Anthony, VP, Sector Portfolio Mgr Fixed Income	I
Alliance Bernstein L.P.	U
Standish Mellon Asset Management	U
GCM Grosvenor LLC	U
Morgan Stanley & Co. LLC	U
Goldman Sachs Asset Management, L.P.	U
Blackrock Financial Management Inc	U
Pacific Investment Management Company LLC	U
Tudor Investment Corporation	U
The Blackstone Group L.P.	U
Abry Partners II, LLC	U
Carlyle Investment Management LLC	U
Fortress Investment Group LLC	U
Lexington Partners L.P.	U
Oaktree Capital Management L.P.	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

- 28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
108477	Alliance Bernstein L.P.	0JK55UGWSWNF3X7KLQ85	SEC	DS
113972	Standish Mellon Asset Management	ME7YUCK4NF1W8VM8SP25	SEC	DS
169155	GCM Grosvenor LLC	549300PT67J6DFJICA91	SEC	DS
8209	Morgan Stanley & Co. LLC	6N8SC06AK49F0N7K1X52	SEC	DS
107738	Goldman Sachs Asset Management, L.P.	CF5M58QA35CFPUX70H17	SEC	DS
107105	Blackrock Financial Management Inc	549300LVXY1VJKE13M84	SEC	DS
104559	Pacific Investment Management Company LLC	549300KGPYQZXGMYYN38	SEC	DS
159792	Tudor Investment Corporation	D6Y7N0U4YOKL2C5BLN13	SEC	DS
17917	The Blackstone Group L.P.	5299004LW4QWGZUB8Y96	SEC	DS
161154	Abry Partners II, LLC	5493008DUET1UHALQU71	SEC	DS
111128	Carlyle Investment Management LLC	549300MVJ5FAYQX68835	SEC	DS
129010	Fortress Investment Group LLC	VZ3406RQQDQ6P5Q17K28	SEC	DS
147281	Lexington Partners L.P.	549300QI48TIDJCR212	SEC	DS
106793	Oaktree Capital Management L.P.	JOAJT0QKF9HWVYTX5K56	SEC	DS

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [X] No []

- 29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
464286 10 3	ISHARES AUSTRALIA ETF	\$ 29,356,250
464287 23 4	ISHARES MSCI EMERGING MKT INDEX ETF	\$ 13,085,100
464287 50 7	ISHARES CORE S&P MIDCAP ETF	\$ 37,762,044
464287 80 4	ISHARES CORE S&P SMALL-CAP ETF	\$ 14,169,008
78464A 69 8	SPDR S&P REGIONAL BANKING ETF	\$ 17,990,755
78464A 78 9	SPDR S&P INSURANCE ETF	\$ 27,731,675
922042 71 8	VANGUARD FTSE ALL WORLD X-US SC ETF	\$ 11,361,600
922042 77 5	VANGUARD FTSE ALL WORLD ETF	\$ 132,182,000
922042 85 8	VANGUARD MSCI EMERGING MARKET ETF	\$ 8,763,000
922042 86 6	VANGUARD PACIFIC ETF	\$ 35,165,400
922042 87 4	VANGUARD EUROPEAN ETF	\$ 48,620,000
92204A 87 6	VANGUARD UTILITIES ETF	\$ 70,603,736
92647K 30 9	VICTORY MUNDER INT'L SMALL CAP FUND	\$ 180,874,098
L5458T 11 7	INVESCO SENIOR LOAN GX FUND	\$ 88,605,015
29.2999 TOTAL		\$ 716,269,681

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

29.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
ISHARES AUSTRALIA ETF	Commonwealth Bank of Australia	\$ 2,956,762	12/31/2018
ISHARES AUSTRALIA ETF	BHP Group LTD	\$ 2,263,954	12/31/2018
ISHARES AUSTRALIA ETF	CSL Ltd	\$ 2,061,102	12/31/2018
ISHARES AUSTRALIA ETF	Westpac Banking Corp	\$ 2,059,047	12/31/2018
ISHARES AUSTRALIA ETF	CSL Ltd	\$ 1,979,198	12/31/2018
ISHARES MSCI EMERGING MKT INDEX ETF	Tencent Holding LTD	\$ 629,524	12/31/2018
ISHARES MSCI EMERGING MKT INDEX ETF	Alibaba Group Holding Ltd	\$ 516,600	12/31/2018
ISHARES MSCI EMERGING MKT INDEX ETF	Taiwan Semiconductor	\$ 451,436	12/31/2018
ISHARES MSCI EMERGING MKT INDEX ETF	Samsung Electronics Co	\$ 446,987	12/31/2018
ISHARES MSCI EMERGING MKT INDEX ETF	Naspers Ltd	\$ 246,392	12/31/2018
ISHARES CORE S&P MIDCAP ETF	Teleflex Inc.	\$ 290,012	12/31/2018
ISHARES CORE S&P MIDCAP ETF	Atmos Energy Corp	\$ 259,425	12/31/2018
ISHARES CORE S&P MIDCAP ETF	IDEX Corp	\$ 251,495	12/31/2018
ISHARES CORE S&P MIDCAP ETF	Dominos Pizza Inc.	\$ 245,831	12/31/2018
ISHARES CORE S&P MIDCAP ETF	UGI Corp	\$ 229,971	12/31/2018
ISHARES CORE S&P SMALL-CAP ETF	First Financial BankShare	\$ 81,188	12/31/2018
ISHARES CORE S&P SMALL-CAP ETF	Trex Co Inc	\$ 79,913	12/31/2018
ISHARES CORE S&P SMALL-CAP ETF	Green Dot Corp	\$ 77,363	12/31/2018
ISHARES CORE S&P SMALL-CAP ETF	Spire Inc	\$ 75,663	12/31/2018
ISHARES CORE S&P SMALL-CAP ETF	Ingevity Corp	\$ 74,104	12/31/2018
SPDR S&P REGIONAL BANKING ETF	Bank OZK	\$ 401,194	12/31/2018
SPDR S&P REGIONAL BANKING ETF	SVB Financial Group	\$ 330,850	12/31/2018
SPDR S&P REGIONAL BANKING ETF	PacWest Bancorp	\$ 329,231	12/31/2018
SPDR S&P REGIONAL BANKING ETF	Comerica	\$ 323,294	12/31/2018
SPDR S&P REGIONAL BANKING ETF	Citizens Financial Group	\$ 321,495	12/31/2018
SPDR S&P INSURANCE ETF	MetLife Inc	\$ 68,691	12/31/2018
SPDR S&P INSURANCE ETF	American International Group	\$ 68,525	12/31/2018
SPDR S&P INSURANCE ETF	Unum Group	\$ 66,667	12/31/2018
SPDR S&P INSURANCE ETF	Principal Financial Group	\$ 65,890	12/31/2018
SPDR S&P INSURANCE ETF	Prudential Financial Inc	\$ 65,419	12/31/2018
VANGUARD FTSE ALL WORLD X-US SC ETF	Open Text Corp	\$ 42,152	12/31/2018
VANGUARD FTSE ALL WORLD X-US SC ETF	Gildan Activewear Inc	\$ 31,244	12/31/2018
VANGUARD FTSE ALL WORLD X-US SC ETF	First Quantum Minerals	\$ 27,722	12/31/2018
VANGUARD FTSE ALL WORLD X-US SC ETF	CCL Industries Inc	\$ 26,813	12/31/2018
VANGUARD FTSE ALL WORLD X-US SC ETF	B 0 02/21/19	\$ 26,586	12/31/2018
VANGUARD FTSE ALL WORLD ETF	Nestle SA	\$ 1,641,700	12/31/2018
VANGUARD FTSE ALL WORLD ETF	Tencent Holding Ltd	\$ 1,522,737	12/31/2018
VANGUARD FTSE ALL WORLD ETF	Novartis AG	\$ 1,254,407	12/31/2018
VANGUARD FTSE ALL WORLD ETF	Roche Holding AG	\$ 1,157,914	12/31/2018
VANGUARD FTSE ALL WORLD ETF	HSBC Holdings PLC	\$ 1,103,720	12/31/2018
VANGUARD MSCI EMERGING MARKET ETF	Tencent Holding LTD	\$ 404,675	12/31/2018
VANGUARD MSCI EMERGING MARKET ETF	Alibaba Group Holding Ltd	\$ 283,308	12/31/2018
VANGUARD MSCI EMERGING MARKET ETF	Taiwan Semiconductor	\$ 191,033	12/31/2018
VANGUARD MSCI EMERGING MARKET ETF	Naspers Ltd	\$ 151,249	12/31/2018
VANGUARD MSCI EMERGING MARKET ETF	China Construction Bank	\$ 130,131	12/31/2018
VANGUARD PACIFIC ETF	Samsung Electrnics Corp	\$ 885,465	12/31/2018
VANGUARD PACIFIC ETF	Toyota Motor Corp	\$ 791,573	12/31/2018
VANGUARD PACIFIC ETF	AIA Group Ltd	\$ 543,305	12/31/2018
VANGUARD PACIFIC ETF	Commonwealth Bank	\$ 486,337	12/31/2018
VANGUARD PACIFIC ETF	BHP Group Ltd	\$ 420,578	12/31/2018
VANGUARD EUROPEAN ETF	Nestle SA	\$ 1,332,674	12/31/2018
VANGUARD EUROPEAN ETF	Novartis AG	\$ 1,016,644	12/31/2018
VANGUARD EUROPEAN ETF	Roche Holding AG	\$ 955,869	12/31/2018
VANGUARD EUROPEAN ETF	HSBC Holdings PLC	\$ 905,791	12/31/2018
VANGUARD EUROPEAN ETF	Royal Dutch Shell PLC	\$ 730,759	12/31/2018
VANGUARD UTILITIES ETF	NextEra Energy Inc	\$ 6,957,292	12/31/2018
VANGUARD UTILITIES ETF	Duke Energy Corp	\$ 5,217,616	12/31/2018
VANGUARD UTILITIES ETF	Dominion Energy Inc	\$ 3,965,106	12/31/2018

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

VANGUARD UTILITIES ETF	Southern Co	\$	3,780,124	12/31/2018
VANGUARD UTILITIES ETF	Exelon Corp	\$	3,696,812	12/31/2018
VICTORY MUNDER INT'L SMALL CAP FUND	Teleperformance	\$	2,470,740	12/31/2018
VICTORY MUNDER INT'L SMALL CAP FUND	Amplifon SpA	\$	2,101,757	12/31/2018
VICTORY MUNDER INT'L SMALL CAP FUND	Beach Energy Ltd	\$	2,036,642	12/31/2018
VICTORY MUNDER INT'L SMALL CAP FUND	Wirecard AG	\$	1,976,954	12/31/2018
VICTORY MUNDER INT'L SMALL CAP FUND	Logitech International SA	\$	1,933,544	12/31/2018
INVESCO SENIOR LOAN GX FUND	Numbericable-SFR S.A.	\$	1,780,961	12/31/2018
INVESCO SENIOR LOAN GX FUND	Asurion, LLC.	\$	1,497,425	12/31/2018
INVESCO SENIOR LOAN GX FUND	Transdigm Inc.	\$	1,488,564	12/31/2018
INVESCO SENIOR LOAN GX FUND	Vistra Operations Company LLC	\$	1,399,959	12/31/2018
INVESCO SENIOR LOAN GX FUND	CSC Holdings, LLC	\$	1,151,865	12/31/2018

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 4,873,958,080	\$ 4,865,783,151	\$ (8,174,929)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 4,873,958,080	\$ 4,865,783,151	\$ (8,174,929)

30.4 Describe the sources or methods utilized in determining the fair values:

Bonds and preferred stocks are priced by the SVO when available. When SVO pricing is not available, the securities are priced by our external pricing source, Interactive Data Pricing and Reference Data LLC.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 619,694

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
AMERICAN INSURANCE ASSOCIATION	\$ 465,242

36.1 Amount of payments for legal expenses, if any? \$ 4,079,187

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$			0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$			0
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$			0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$			0
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned	\$			0
1.62	Total incurred claims	\$			0
1.63	Number of covered lives				0
	All years prior to most current three years:				
1.64	Total premium earned	\$			0
1.65	Total incurred claims	\$			0
1.66	Number of covered lives				0
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned	\$			0
1.72	Total incurred claims	\$			0
1.73	Number of covered lives				0
	All years prior to most current three years:				
1.74	Total premium earned	\$			0
1.75	Total incurred claims	\$			0
1.76	Number of covered lives				0
2.	Health Test:				
			1	2	
			Current Year	Prior Year	
2.1	Premium Numerator	\$	0	\$	0
2.2	Premium Denominator	\$	2,952,882,207	\$	3,026,293,802
2.3	Premium Ratio (2.1/2.2)		0.0%		0.0%
2.4	Reserve Numerator	\$	0	\$	0
2.5	Reserve Denominator	\$	5,552,084,908	\$	4,826,541,298
2.6	Reserve Ratio (2.4/2.5)		0.0%		0.0%
3.1	Does the reporting entity issue both participating and non-participating policies?				Yes [] No [X]
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies	\$			0
3.22	Non-participating policies	\$			0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?				Yes [] No [X]
4.2	Does the reporting entity issue non-assessable policies?				Yes [X] No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?				%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$			0
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?				Yes [] No []
5.2	If yes, is the commission paid:				
5.21	Out of Attorney's-in-fact compensation				Yes [] No [] N/A [X]
5.22	As a direct expense of the exchange				Yes [] No [] N/A [X]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?				Yes [] No []
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>The Company does not issue Workers' Compensation contracts.</u>				
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: <u>The Company uses the AIR Touchstone 5.1 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.</u>				
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? <u>In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability, we purchase risk and catastrophe reinsurance.</u>				
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?				Yes [] No [X]

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss: <u>There are certain parts of the Company's catastrophe program in the high excess layers for which a reinstatement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur, and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause is not required for those parts of the program.</u>		
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes []	No [X]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	0	
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes []	No []
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes []	No [X]
8.2	If yes, give full information		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) Aggregate stop loss reinsurance coverage; (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	Yes []	No [X]
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.	Yes []	No [X]
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, <i>Property and Casualty Reinsurance</i> , has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes []	No [X]
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.		
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria: (a) The entity does not utilize reinsurance; or (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes []	No [X]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?	Yes [X]	No [] N/A []
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [X]	No []
11.2	If yes, give full information <u>See Notes to the Financial Statements #14 for details on guarantees.</u>		
12.1	If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for: 12.11 Unpaid losses 12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	0
		\$	0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$	0
12.3	If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes []	No [] N/A [X]
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement: 12.41 From 12.42 To		% %

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?								Yes [] No [X]
12.6	If yes, state the amount thereof at December 31 of current year:								
	12.61 Letters of Credit	\$						0	
	12.62 Collateral and other funds	\$						0	
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$						465,725,000	
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?								Yes [] No [X]
13.3	State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.							4	
14.1	Is the reporting entity a cedant in a multiple cedant reinsurance contract?								Yes [X] No []
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>The method of allocating and recording reinsurance with outside reinsurers is based proportionally on each company's share of occurrence and specific contract terms with respect to intercompany reinsurance agreements.</u>								
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?								Yes [] No [X]
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?								Yes [X] No []
14.5	If the answer to 14.4 is no, please explain:								
15.1	Has the reporting entity guaranteed any financed premium accounts?								Yes [] No [X]
15.2	If yes, give full information								
16.1	Does the reporting entity write any warranty business?								Yes [] No [X]
	If yes, disclose the following information for each of the following types of warranty coverage:								
			1	2	3	4	5		
			Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned		
16.11	Home	\$	0	\$	0	\$	0	\$	0
16.12	Products	\$	0	\$	0	\$	0	\$	0
16.13	Automobile	\$	0	\$	0	\$	0	\$	0
16.14	Other*	\$	0	\$	0	\$	0	\$	0
	* Disclose type of coverage:								
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance?								Yes [X] No []
	Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:								
17.11	Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance	\$						16,748,000	
17.12	Unfunded portion of Interrogatory 17.11	\$						16,748,000	
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$						0	
17.14	Case reserves portion of Interrogatory 17.11	\$						0	
17.15	Incurred but not reported portion of Interrogatory 17.11	\$						16,748,000	
17.16	Unearned premium portion of Interrogatory 17.11	\$						0	
17.17	Contingent commission portion of Interrogatory 17.11	\$						0	
18.1	Do you act as a custodian for health savings accounts?								Yes [] No [X]
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.	\$						0	
18.3	Do you act as an administrator for health savings accounts?								Yes [] No [X]
18.4	If yes, please provide the balance of the funds administered as of the reporting date.	\$						0	
19.	Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states?								Yes [X] No []
19.1	If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?								Yes [] No [X]

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2018	2 2017	3 2016	4 2015	5 2014
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,181,830,001	2,901,454,869	2,831,744,004	2,824,409,792	3,070,982,857
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,073,655,227	937,664,496	918,789,317	854,847,276	604,298,111
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	325,041,747	286,745,376	282,961,068	283,483,936	291,938,101
6. Total (Line 35).....	4,580,526,975	4,125,864,741	4,033,494,389	3,962,741,004	3,967,219,069
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,024,668,131	1,936,028,459	1,857,014,780	1,878,091,814	2,125,272,932
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	831,532,511	742,383,984	721,110,924	685,453,655	484,707,776
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	255,958,107	216,230,276	217,086,642	218,547,090	228,518,855
12. Total (Line 35).....	3,112,158,748	2,894,642,719	2,795,212,346	2,782,092,559	2,838,499,563
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(1,230,152,837)	(1,157,470,547)	470,921,256	372,777,718	633,290,990
14. Net investment gain (loss) (Line 11).....	893,486,654	433,756,490	378,399,913	385,052,769	367,023,124
15. Total other income (Line 15).....	(5,834,643)	(4,655,451)	(13,702,223)	(15,222,480)	(18,704,732)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(165,705,412)	(394,965,583)	234,056,971	192,528,895	310,785,002
18. Net income (Line 20).....	(176,795,414)	(333,403,925)	601,561,975	550,079,112	670,824,380
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	18,464,022,450	19,155,464,895	16,764,262,160	15,682,895,828	15,070,065,036
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	647,895,680	527,414,381	530,215,499	481,286,202	541,984,725
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	7,222,755,927	6,653,687,891	5,244,906,593	5,136,241,827	4,928,219,299
22. Losses (Page 3, Line 1).....	3,690,194,572	3,326,000,928	1,742,695,515	1,930,207,036	1,692,117,034
23. Loss adjustment expenses (Page 3, Line 3).....	206,218,372	210,946,724	158,637,459	155,342,000	158,858,474
24. Unearned premiums (Page 3, Line 9).....	1,419,350,044	1,260,073,503	1,391,724,586	1,415,616,390	1,417,758,943
25. Capital paid up (Page 3, Lines 30 & 31).....					
26. Surplus as regards policyholders (Page 3, Line 37).....	11,241,266,523	12,501,777,004	11,519,355,567	10,546,654,001	10,141,845,737
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	(14,129,583)	201,644,577	424,876,007	532,796,242	587,410,630
Risk-Based Capital Analysis					
28. Total adjusted capital.....	11,241,266,523	12,501,777,004	11,519,355,567	10,546,654,001	10,141,845,737
29. Authorized control level risk-based capital.....	1,702,533,340	1,792,202,218	1,246,919,588	1,141,331,442	1,117,514,713
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	28.9	25.5	26.6	26.4	25.1
31. Stocks (Lines 2.1 & 2.2).....	52.7	57.7	56.5	55.6	57.5
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	6.6	5.8	4.5	5.3	4.7
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....	11.5	10.7	12.0	12.3	12.4
38. Receivables for securities (Line 9).....	0.0	0.0	0.0	0.0	0.1
39. Securities lending reinvested collateral assets (Line 10).....	0.3	0.2	0.3	0.4	0.2
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	3,478,005,825	3,617,278,129	2,885,607,991	2,691,526,706	2,597,913,531
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	1,071,502,414	1,077,554,893	1,058,205,255	993,433,806	943,670,260
48. Total of above lines 42 to 47.....	4,549,508,239	4,694,833,022	3,943,813,246	3,684,960,512	3,541,583,791
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	40.5	37.6	34.2	34.9	34.9

Annual Statement for the year 2018 of the **FACTORY MUTUAL INSURANCE COMPANY**
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	...(1,137,963,340)	...1,573,545,106	.....373,743,063	.....(65,463,722)	.....378,973,160
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	...(1,260,510,481)	.....982,421,437	.....972,701,566	.....404,808,264	.....988,390,261
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....10,949,917	.....27,600,996	.....18,759,299	.....24,125,531	.....26,005,142
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....2,429,593,401	.....1,498,962,956	.....1,146,240,352	.....1,227,888,342	.....1,185,499,720
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....466,711,757	.....424,977,539	.....331,667,312	.....254,298,560	.....263,220,123
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(69,050)	.....(56,027)	.....(53,778)	.....(47,733)	.....(43,293)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....501,712,191	.....74,273,971	.....463,555,731	.....145,710,557	.....220,535,156
59. Total (Line 35).....	...3,408,898,216	...2,025,759,435	...1,960,168,916	...1,651,975,257	...1,695,216,848
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....1,295,918	.....1,171,215	.....5,248,431	.....6,234,447	.....6,673,061
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....1,947,173,217	.....1,259,595,009	.....934,355,452	.....933,445,884	.....921,106,657
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....432,461,722	.....330,100,177	.....269,960,196	.....228,099,399	.....230,408,075
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(69,050)	.....(56,027)	.....(53,778)	.....(47,733)	.....(43,293)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....418,806,841	.....(6,124,807)	.....414,644,846	.....105,879,531	.....187,061,761
65. Total (Line 35).....	...2,799,668,648	...1,584,685,567	...1,624,155,147	...1,273,611,528	...1,345,206,261
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	.....100.0	.....100.0	.....100.0	.....100.0	.....100.0
67. Losses incurred (Line 2).....	.....107.1	.....104.7	.....51.0	.....54.3	.....46.5
68. Loss expenses incurred (Line 3).....	.....4.2	.....4.5	.....3.5	.....3.7	.....3.6
69. Other underwriting expenses incurred (Line 4).....	.....30.3	.....29.1	.....28.8	.....28.7	.....26.7
70. Net underwriting gain (loss) (Line 8).....	.....(41.7)	.....(38.2)	.....16.7	.....13.4	.....23.2
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	.....29.0	.....30.6	.....29.5	.....29.2	.....26.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....111.3	.....109.1	.....54.5	.....58.0	.....50.2
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	.....27.7	.....23.2	.....24.3	.....26.4	.....28.0
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....(93,086)	.....(35,596)	.....(195,335)	.....40,397	.....(159,404)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	.....(0.7)	.....(0.3)	.....(1.9)	.....0.4	.....(1.7)
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	.....(154,327)	.....(203,489)	.....38,362	.....(103,555)	.....42,105
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	.....(1.3)	.....(1.9)	.....0.4	.....(1.1)	.....0.6

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?
If no, please explain:

Yes [] No []

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported-Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....43,809	.....20,280	.....4,031	.....1,641	.....(47)	.....6	.....(404)	.....25,867	.....XXX.....
2. 2009.....	.....3,358,963	.....757,262	.....2,601,701	.....798,684	.....131,635	.....26,418	.....137	.....89,374	.....2,439	.....9,521	.....780,264	.....XXX.....
3. 2010.....	.....3,230,937	.....829,057	.....2,401,879	.....1,496,602	.....197,729	.....2,770	.....3,939	.....64,722	.....19,060	.....13,756	.....1,343,365	.....XXX.....
4. 2011.....	.....3,374,597	.....847,435	.....2,527,162	.....3,445,591	.....1,017,336	.....8,287	.....475	.....84,443	.....8,196	.....14,514	.....2,512,313	.....XXX.....
5. 2012.....	.....3,803,061	.....959,893	.....2,843,168	.....2,154,623	.....533,397	.....37,572	.....4,979	.....75,688	.....4,869	.....11,316	.....1,724,638	.....XXX.....
6. 2013.....	.....3,870,242	.....1,096,002	.....2,774,240	.....1,281,900	.....174,258	.....14,394	.....2,298	.....76,940	.....4,245	.....10,489	.....1,192,434	.....XXX.....
7. 2014.....	.....3,881,846	.....1,149,085	.....2,732,761	.....1,593,399	.....227,742	.....8,006	.....1,348	.....82,314	.....4,858	.....10,593	.....1,449,771	.....XXX.....
8. 2015.....	.....3,948,178	.....1,163,942	.....2,784,236	.....1,595,569	.....377,855	.....9,039	.....602	.....85,956	.....5,541	.....7,418	.....1,306,565	.....XXX.....
9. 2016.....	.....4,013,303	.....1,194,199	.....2,819,104	.....1,826,227	.....316,975	.....9,227	.....2,902	.....88,272	.....6,732	.....2,522	.....1,597,117	.....XXX.....
10. 2017.....	.....4,261,210	.....1,234,915	.....3,026,295	.....2,828,488	.....600,693	.....4,027	.....892	.....91,035	.....7,844	.....1,775	.....2,314,122	.....XXX.....
11. 2018.....	.....4,354,389	.....1,401,506	.....2,952,883	.....1,347,958	.....152,761	.....7,641	.....598	.....66,941	.....3,276	.....1	.....1,265,905	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....18,412,850	.....3,750,661	.....131,412	.....19,813	.....805,638	.....67,065	.....81,499	.....15,512,361	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....175,765	.....55,374	.....747,901	.....330,688	.....23,738	.....9,630	.....9,691	.....41,706	.....2,955	.....603,108	.....XXX.....
2. 2009.....	.....(1,852)	.....	.....	.....	.....2	.....	.....	.....	.....2,019	.....(1,850)	.....XXX.....
3. 2010.....	.....(2,775)	.....516	.....	.....	.....4	.....	.....	.....	.....3,036	.....(3,287)	.....XXX.....
4. 2011.....	.....(3,624)	.....	.....463	.....	.....20	.....	.....	.....	.....4,052	.....(3,141)	.....XXX.....
5. 2012.....	.....6,149	.....50,722	.....39,058	.....	.....528	.....	.....	.....2,097	.....5,150	.....(2,889)	.....XXX.....
6. 2013.....	.....(2,286)	.....	.....5,460	.....	.....10	.....	.....	.....	.....5,895	.....3,184	.....XXX.....
7. 2014.....	.....(7,363)	.....122	.....11,786	.....	.....27	.....	.....	.....41	.....10,029	.....4,369	.....XXX.....
8. 2015.....	.....20,156	.....10,380	.....41,440	.....	.....91	.....	.....	.....261	.....12,885	.....51,569	.....XXX.....
9. 2016.....	.....48,048	.....7,718	.....12,550	.....	.....595	.....	.....	.....2,680	.....19,724	.....56,155	.....XXX.....
10. 2017.....	.....1,211,600	.....288,957	.....76,223	.....	.....9,576	.....	.....	.....39,142	.....29,426	.....1,047,584	.....XXX.....
11. 2018.....	.....1,988,550	.....211,283	.....278,705	.....	.....16,512	.....	.....	.....69,127	.....49,830	.....2,141,611	.....XXX.....
12. Totals.....3,432,369625,0721,213,586330,68851,1049,6309,6910155,0540145,0003,896,413XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....537,604	.....65,505
2. 2009.	.....912,626	.....134,212	.....778,414	.....27.2	.....17.7	.....29.9	.....	.....	.....86.00	.....(1,852)	.....2
3. 2010.	.....1,561,322	.....221,244	.....1,340,079	.....48.3	.....26.7	.....55.8	.....	.....	.....86.00	.....(3,290)	.....4
4. 2011.	.....3,535,180	.....1,026,007	.....2,509,172	.....104.8	.....121.1	.....99.3	.....	.....	.....86.00	.....(3,161)	.....20
5. 2012.	.....2,315,715	.....593,966	.....1,721,749	.....60.9	.....61.9	.....60.6	.....	.....	.....86.00	.....(5,514)	.....2,625
6. 2013.	.....1,376,418	.....180,800	.....1,195,618	.....35.6	.....16.5	.....43.1	.....	.....	.....86.00	.....3,174	.....10
7. 2014.	.....1,688,211	.....234,071	.....1,454,140	.....43.5	.....20.4	.....53.2	.....	.....	.....86.00	.....4,301	.....68
8. 2015.	.....1,752,512	.....394,378	.....1,358,134	.....44.4	.....33.9	.....48.8	.....	.....	.....86.00	.....51,217	.....352
9. 2016.	.....1,987,599	.....334,327	.....1,653,272	.....49.5	.....28.0	.....58.6	.....	.....	.....86.00	.....52,880	.....3,275
10. 2017.	.....4,260,091	.....898,386	.....3,361,705	.....100.0	.....72.7	.....111.1	.....	.....	.....86.00	.....998,866	.....48,718
11. 2018.	.....3,775,435	.....367,919	.....3,407,516	.....86.7	.....26.3	.....115.4	.....	.....	.....86.00	.....2,055,971	.....85,639
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....3,690,195	.....206,218

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	11 One Year	12 Two Year
1. Prior.....	1,055,447	1,033,042	959,434	928,242	1,087,679	1,078,205	1,142,628	1,149,698	1,187,741	1,184,253	(3,488)	34,555
2. 2009.....	956,813	714,739	700,137	690,547	682,041	679,110	686,699	694,554	692,129	691,480	(649)	(3,074)
3. 2010.....	XXX	1,406,985	1,352,657	1,320,660	1,301,569	1,305,138	1,308,961	1,301,080	1,304,825	1,294,417	(10,407)	(6,663)
4. 2011.....	XXX	XXX	2,479,920	2,469,746	2,428,480	2,427,646	2,444,981	2,446,224	2,431,288	2,432,925	1,637	(13,299)
5. 2012.....	XXX	XXX	XXX	1,725,297	1,800,876	1,686,498	1,670,435	1,672,794	1,656,873	1,648,833	(8,039)	(23,961)
6. 2013.....	XXX	XXX	XXX	XXX	1,177,143	1,141,787	1,120,529	1,129,488	1,138,777	1,122,922	(15,855)	(6,566)
7. 2014.....	XXX	XXX	XXX	XXX	XXX	1,443,839	1,428,387	1,406,746	1,400,768	1,376,643	(24,126)	(30,104)
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	1,486,201	1,292,901	1,272,931	1,277,458	4,528	(15,443)
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,658,825	1,631,383	1,569,052	(62,332)	(89,773)
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,213,727	3,239,372	25,645	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,274,724	XXX	XXX
12. Totals.....											(93,086)	(154,327)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	000	237,536	359,849	433,125	432,611	523,212	539,731	578,615	596,932	622,851	XXX	XXX
2. 2009.....	248,998	561,340	654,992	669,541	676,518	678,380	692,656	692,845	693,247	693,330	XXX	XXX
3. 2010.....	XXX	570,851	1,160,032	1,243,217	1,285,493	1,295,729	1,299,229	1,300,562	1,300,149	1,297,704	XXX	XXX
4. 2011.....	XXX	XXX	932,506	2,007,368	2,329,682	2,393,496	2,433,480	2,426,944	2,420,024	2,436,066	XXX	XXX
5. 2012.....	XXX	XXX	XXX	825,034	1,483,598	1,613,320	1,645,102	1,654,853	1,652,608	1,653,819	XXX	XXX
6. 2013.....	XXX	XXX	XXX	XXX	445,342	899,390	1,060,981	1,107,358	1,116,660	1,119,738	XXX	XXX
7. 2014.....	XXX	XXX	XXX	XXX	XXX	614,658	1,207,921	1,337,214	1,358,055	1,372,315	XXX	XXX
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	432,313	1,048,080	1,185,704	1,226,150	XXX	XXX
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	804,181	1,347,423	1,515,577	XXX	XXX
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	878,185	2,230,930	XXX	XXX
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,202,240	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016	9 2017	10 2018
1. Prior.....	562,281	484,664	403,097	353,455	439,500	387,780	440,344	413,233	437,182	426,903
2. 2009.....	188,283	41,256	20,071	15,061	12,500	5,277		2,998		
3. 2010.....	XXX	177,613	55,746	31,655	23,161	15,410	12,960	4,397	6,480	
4. 2011.....	XXX	XXX	214,129	138,016	36,642	20,449	14,155	14,795	5,830	463
5. 2012.....	XXX	XXX	XXX	116,482	80,940	63,888	57,928	78,316	53,983	39,058
6. 2013.....	XXX	XXX	XXX	XXX	106,725	55,669	17,921	17,303	17,887	5,460
7. 2014.....	XXX	XXX	XXX	XXX	XXX	116,703	35,052	29,778	30,183	11,786
8. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	185,875	62,669	27,404	41,440
9. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	148,632	54,641	12,550
10. 2017.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	258,716	76,223
11. 2018.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	278,705

FACTORY MUTUAL INSURANCE COMPANY SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	30,014,315	28,674,798		6,023,759	7,525,684	7,399,243		
2. Alaska.....AK	L	15,379,156	11,925,510		490,035	4,057,560	4,498,460		
3. Arizona.....AZ	L	38,679,140	36,900,700		11,464,624	7,991,997	16,684,318		
4. Arkansas.....AR	L	21,953,220	21,280,043		18,756,461	31,840,743	21,348,353		
5. California.....CA	L	377,544,568	356,570,083		104,625,423	422,256,410	411,499,277		
6. Colorado.....CO	L	26,888,630	23,846,571		24,964,786	762,307	19,762,214		
7. Connecticut.....CT	L	30,696,952	29,015,287		6,681,570	4,656,954	8,175,653		
8. Delaware.....DE	L	2,760,143	2,501,924		2,809,966	(111,036)	331,245		
9. District of Columbia.....DC	L	13,299,082	11,883,906		52,152,427	97,275,147	51,074,199		
10. Florida.....FL	L	118,517,618	113,431,220		189,036,346	419,723,417	414,094,890		
11. Georgia.....GA	L	70,092,732	68,097,745		48,680,878	36,509,538	49,427,969		
12. Hawaii.....HI	L	9,667,413	8,985,135		310,757	296,801	396,817		
13. Idaho.....ID	L	10,667,216	9,598,607		772,362	2,903,521	3,207,904		
14. Illinois.....IL	L	99,899,948	90,762,507		35,068,937	35,792,408	39,719,106		
15. Indiana.....IN	L	49,961,479	45,394,314		13,297,575	5,470,265	10,634,472		
16. Iowa.....IA	L	32,020,419	30,832,575		17,018,945	31,746,816	31,960,241		
17. Kansas.....KS	L	19,395,843	18,618,680		15,547,103	21,971,854	16,441,556		
18. Kentucky.....KY	L	53,409,154	51,475,523		10,474,009	35,028,094	38,928,450		
19. Louisiana.....LA	L	58,772,857	54,198,807		40,028,010	25,525,466	45,137,355		
20. Maine.....ME	L	10,041,707	9,018,045		1,051,423	388,800	1,516,718		
21. Maryland.....MD	L	31,495,444	28,804,061		8,933,462	10,963,581	25,194,047		
22. Massachusetts.....MA	L	59,523,059	55,628,629		17,537,114	35,159,805	47,248,156		
23. Michigan.....MI	L	49,293,843	44,356,232		16,223,461	16,180,050	15,545,019		
24. Minnesota.....MN	L	43,199,684	41,058,578		13,423,914	9,807,985	6,328,819		
25. Mississippi.....MS	L	19,997,514	18,522,337		3,084,435	3,119,042	1,216,592		
26. Missouri.....MO	L	42,728,908	39,376,407		10,758,242	1,735,117	5,702,525		
27. Montana.....MT	L	5,982,567	5,384,388		4,587,526	291,773			
28. Nebraska.....NE	L	15,348,152	13,983,993		6,011,672	6,498,282	4,255,813		
29. Nevada.....NV	L	24,582,592	22,178,770		63,631,827	46,561,104	2,458,102		
30. New Hampshire.....NH	L	8,087,097	7,501,178		3,157,970	(109,211)	1,348,795		
31. New Jersey.....NJ	L	47,520,229	43,790,869		3,760,806	10,960,045	39,732,092		
32. New Mexico.....NM	L	6,084,134	5,824,329		40,878,105	44,005,383	9,898,660		
33. New York.....NY	L	115,247,217	110,214,563		69,251,430	74,130,705	321,866,949		
34. North Carolina.....NC	L	64,934,279	60,537,476		29,000,089	73,739,539	82,110,165		
35. North Dakota.....ND	L	21,674,208	19,790,636		37,094,212	35,691,301	9,363,816		
36. Ohio.....OH	L	78,631,482	68,334,075		37,565,140	52,685,905	66,089,870		
37. Oklahoma.....OK	L	25,706,014	24,347,257		8,514,467	12,610,049	11,477,767		
38. Oregon.....OR	L	38,924,476	36,248,934		4,078,678	3,239,522	3,806,118		
39. Pennsylvania.....PA	L	110,430,804	101,433,856		34,114,237	71,985,699	87,620,463		
40. Rhode Island.....RI	L	10,134,801	9,460,433		3,956,627	3,179,399	3,477,440		
41. South Carolina.....SC	L	46,612,440	41,394,856		24,565,343	57,944,009	55,041,680		
42. South Dakota.....SD	L	6,594,444	6,154,331		1,558,379	1,627,616	264,996		
43. Tennessee.....TN	L	68,573,772	60,512,937		205,641,808	(32,975,929)	14,415,205		
44. Texas.....TX	L	208,708,647	194,326,619		266,985,195	87,225,873	252,080,838		
45. Utah.....UT	L	19,581,050	18,514,245		8,591,547	8,328,787	3,772,873		
46. Vermont.....VT	L	5,045,463	5,014,066		41,555	(135,986)	2,102,779		
47. Virginia.....VA	L	44,508,140	41,244,831		3,680,863	16,683,504	21,952,739		
48. Washington.....WA	L	61,419,672	60,165,991		20,554,680	11,209,741	12,200,898		
49. West Virginia.....WV	L	6,511,748	5,942,927		1,450,556	9,204,219	9,631,617		
50. Wisconsin.....WI	L	43,106,972	41,543,833		122,609,574	130,937,137	18,770,236		
51. Wyoming.....WY	L	13,820,895	11,080,924			(1,188,155)	3,785,739		
52. American Samoa.....AS	N	184	194						
53. Guam.....GU	L	113,724	191,693						
54. Puerto Rico.....PR	L	26,417,326	23,058,144		193,310,621	(32,646,162)	394,892,057		
55. US Virgin Islands.....VI	L	144,193	142,036		5,521,882	3,638,138	10,921,243		
56. Northern Mariana Islands.....MP	L	9,431	17,856						
57. Canada.....CAN	L	297,105,614	283,543,379		220,976,164	358,524,977	323,851,341		
58. Aggregate Other Alien.....OT	XXX	283,113,300	264,319,481	0	247,717,545	357,056,958	246,012,256	0	0
59. Totals.....	XXX	3,040,575,111	2,836,957,324	0	2,338,024,518	2,679,482,548	3,306,676,142	0	0

DETAILS OF WRITE-INS

58001. AFG AFGHANISTAN	XXX	31,663	59,126						
58002. AGO ANGOLA	XXX	60,122	88,994						
58003. ATA ANTARCTICA	XXX	95,461	50,515						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	282,926,054	264,120,846	0	247,717,545	357,056,958	246,012,256	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	283,113,300	264,319,481	0	247,717,545	357,056,958	246,012,256	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

All premiums are allocated to the location of the property insured.

(a) Active Status Counts:

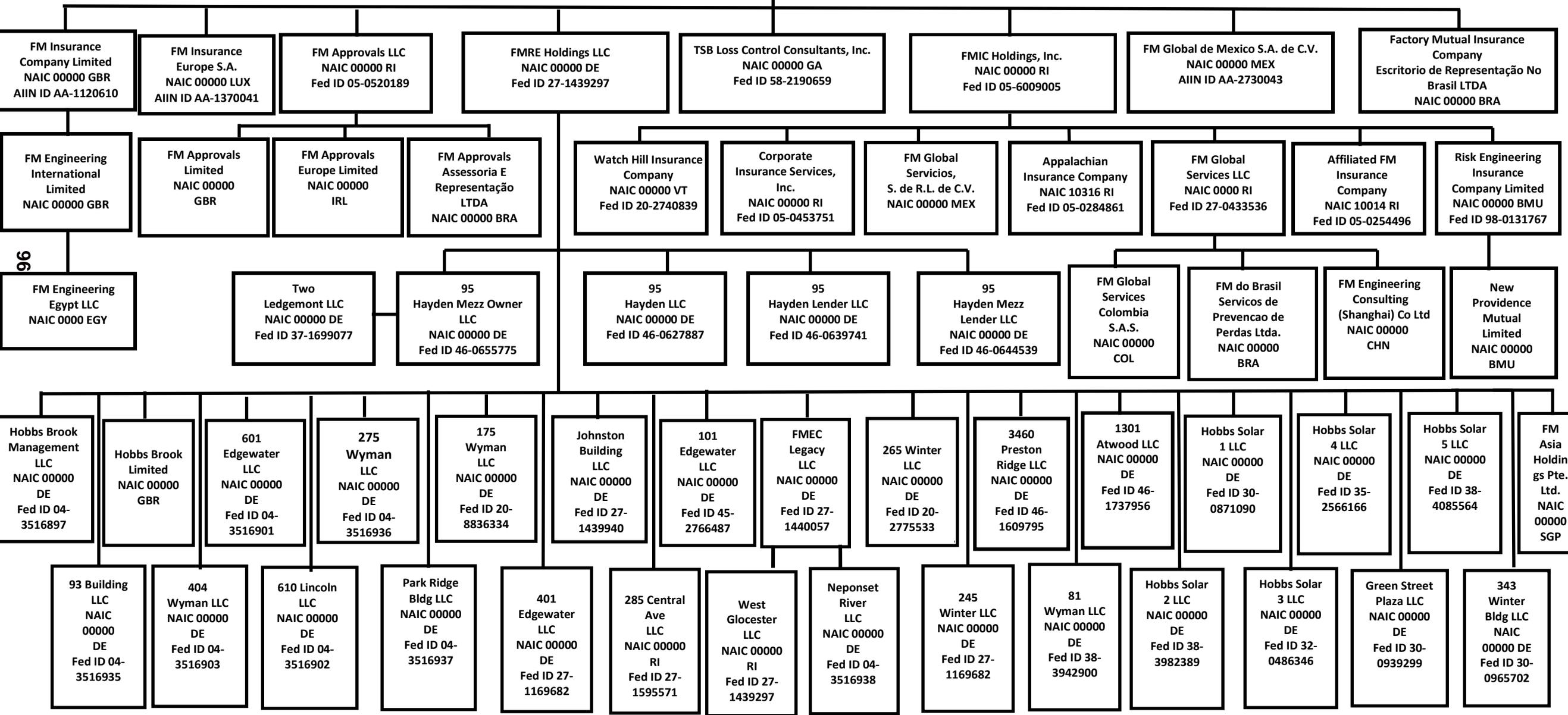
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E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0
D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile.....	0

R - Registered - Non-domiciled RRGs.....	0
Q - Qualified - Qualified or accredited reinsurer.....	0
N - None of the above - Not allowed to write business in the state.....	1

Organizational Chart
December 31, 2018

Policyholders

Factory Mutual Insurance Company
NAIC 21482 Fed ID 05-0316605 RI
100% OWNERSHIP of all Subs



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